

WCIA FULL BOARD MEETING

May 20, 2022

Zoom

The regular meeting of the Full Board was attended by members, staff members and others virtually via Zoom. The public was provided access to view via Zoom with the link posted on the WCIA website.

MEMBERS PRESENT

Patricia Soule, Aberdeen; Emily Schuh, Anacortes; James Trefry, Arlington; Candis Martinson, Auburn; Kay Kammer, Battle Ground; Rebecca Ozuna, Benton City; Chuck McEwen, Bonney Lake; John Vodopich, Bonney Lake; Melisa Folmer, Bremerton; Garmon Newsom, Burien; Shelley Acero, Burlington; Mitch Lackey, Camas; Wade Farris, Chelan; Mark Schuller, Cheney; Anthony Glenn, Clark Regional Emergency Services Agency; Rob Omans, Cle Elum; John Greenwood, Clyde Hill; Mike Rizzitiello, College Place; Kelly Beech, Coupeville; Casey Parker, Covington; Bill Fashing, Cowlitz-Wahkiakum Council of Governments; Sara McMillon, Duvall; Kale Fong, Eastside Public Safety Communications Agency; Terry Weiner, Ellensburg; Wendy Collins, Elma; Chris Searcy, Enumclaw; Melanie Dickinson, Everson; Mallorie Powell, Ferndale; Derek Matheson, Fife; Larry Bellamy, Goldendale; Patrick Munyan, Goldendale; Sandy Wells, Goldendale; Anita Palacios, Grandview; Cus Arteaga, Grandview; Jeff Balentine, Granite Falls; Steve Johnson, Hoquiam; Brian Shay, Hoquiam; Stephanie Johnson, Issaquah; Denise Golembiewski, Kirkland; Truc Dever, Kirkland; Maria Jameson-Owens, Kitsap 911; Bracy DiLeonardo, Lacey; Leialani Jensen, Lacey; Jennifer Schaefer, Lacey; Lee Aalund, Lake Forest Park; Mariah Low, Lake Stevens Sewer District; Maximilian Roth, Lake Stevens; Anya Warrington, Lake Stevens; Tho Kraus, Lakewood; Mary McDougal, Lakewood; Brian Loos, Long Beach; Ariel Smith, Long Beach; Farah Derosier, LOTT Clean Water Alliance; Anthony Burrows, Lynden; Karen Fitzthum, Lynnwood; Sylvia Sanchez, Mabton; Steve Edin, Marysville Fire District; Jeff Cole, Marysville Fire District; Jazmin Hernandez, Mattawa; Anabel Martinez, Mattawa; Lindsay Blumberg, McCleary; Katy Allen, Medical Lake; Ali Spietz, Mercer Island; Melissa Johnson, Metropolitan Park District of Tacoma; Deborah Knight, Monroe and TBD; Tyler Christian, Monroe and TBD; Debbie Burke, Moses Lake; Allison Williams, Moses Lake; Erin Keator, Mount Vernon; Scott Hugill, Mountlake Terrace; Steve Powers, Mukilteo; Kara Johnson, Mukilteo; D.T. Donaldson, Multi Agency Communications Center; Bill Hamilton, NORCOM; Al Nelson, Northshore Utility District; Blaine Oborn, Oak Harbor; Marianne Ledgerwood, Oak Harbor; Scott Andersen, Ocean Shores; Debbie Sullivan, Olympia and MPD; Sean Krier, Olympia; Kelly Boswell, Olympic View Water and Sewer District; Scott Larson, Orting; Angela Pashon, Pasco; Abbi Fountain, Port Angeles; Heidi Greenwood, Port Townsend; Rhiannon Fernandez, Poulsbo; Dee Stiles-Elliott, Pullman and MPD and Pullman-Moscow Regional Airport Board; Heather Kintzley, Richland; Cynthia Schaff, Sammamish; Mark Everton, Seattle Southside Regional Tourism Authority; Joe Henne, Selah; Tellina Sandaine, Sequim; Margaret King, Shoreline; Curt Brees, Silver Lake Water and Sewer District; Kurt Mills, Snohomish County 911; Angie Baird, Snohomish County 911; Reina McCauley, Snoqualmie; Lucinda Gibbon, South Correctional Entity; Cynthia Shaffer, South Sound 911; Jeff Tower, Spokane Regional Emergency Communications; John Whitehead, Spokane Valley; Pat Adams, Stanwood; Mark Burlingame, Steilacoom; Mary Corey, Stevenson; Leana Kinley, Stevenson; Duane Leaf, Three Rivers Regional Wastewater Authority; Carla Mai, Thurston 911 Communications; Julie Parker, Thurston Public Utility District; Veena Tabbutt, Thurston Regional Planning Council; Tyson Justis, Thurston Regional Planning Council; Heidi Riojas, Toppenish; Kristine Selleck, Tukwila Pool Metropolitan Park District; Bradley Harpin, Tukwila Pool Metropolitan Park District; John Doan, Tumwater and MPD; James Trujillo, Tumwater and MPD; Arlene Fisher, Union Gap; Sara Borden, Valley Regional Fire Authority; Kristine Shuler, Warden; Kevin Fitzpatrick, WA Multi-City Business License and Tax Portal Agency; Teresa Stedman, Washougal; Stephanie Haug, West Richland; Margo Tackett, Westport; Lisa Streng, WHITCOM 911; Heidi Napolitano, Woodway; Tamara Hayward, Yakima Valley Conference of Governments; Bonnie Ritter, Yarrow Point; and Katy Kinney Harris, Yarrow Point.

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OTHERS PRESENT

Ann Bennett, Executive Director; Shannon Ragonesi, Counsel; Jared Burbidge, Treasurer/Finance and Administrative Services Manager; Michele Neumann, Authority Secretary; Robin Aronson, Risk Services Manager; Rob Roscoe, Deputy Director; Harlan Stientjes, Claims Manager; Tanya Crites, Senior Risk Management Representative; Lisa Knapton, Senior Risk Management Representative; Luis Fragoso, Senior Claims Adjuster; Drew Brien, Senior Claims Adjuster; Kelli du Pont, Claims Adjuster; Rachel Roberts, Claims Representative; Patti Crane, Member Services Manager; Debbi Sellers, Senior Risk Management Representative; Carlene Brown, Risk Management Representative; Maria Orozco, Member Services Coordinator; Kellyn Popp, Accountant I, Katie Madsen, Member Services Assistant; Peter Kang, IT Administrator; and Tiffany Woods, Programs and IT Coordinator.

CALL TO ORDER

President Knight called the meeting to order at 10:45 a.m. and reviewed some housekeeping items regarding the asking of questions and the making, seconding and voting on motions.

Roll was called.

PRESIDENT'S MESSAGE

Welcoming everyone to the meeting, Knight praised the efforts of the Risk Reduction Grant Committee for their review of the grant applications; reflected on the challenges due to the hardening insurance market; underscored the benefits of the extensive training opportunities offered to WCIA members; and highlighted the work of the Executive Committee and Long Range Planning Committee to create an Executive Committee Succession Plan. Additionally, Knight thanked members for their efforts to reduce risk at their organizations, thanked Roscoe for his insightful education session held prior to this meeting, and thanked all WCIA staff members for their work on behalf of the membership.

CONSENT CALENDAR

Consent calendar item: January 2022 Full Board meeting minutes. ***Acero (Burlington) moved to approve the consent calendar. Derosier (LOTT Clean Water Alliance) seconded. Motion carried unanimously.***

ACTION ITEM

• **2022 Liability Joint Protection Program and Coverage Document**

The Liability Joint Protection Program (LJPP) documents WCIA's responsibilities regarding coverage, service, cost allocation and claims process. The Self-insured Coverage Document is a subset of the LJPP and formalizes the coverage terms and conditions. Roscoe explained that for 2022, carriers placed further limitations and restrictions on the coverage they are willing to provide. Unfortunately, outside the WCIA and GEM (Government Entities Mutual) layers, the excess carriers refused to cover both property or bodily injury claims arising out of the gradual or sudden "subsidence" of earth. Thus this action item proposes adding peril of "bodily injury" to the subsidence exclusion above the \$11 million layer to reflect the 2022 reinsurance agreements. This change would be retroactive to the beginning of the coverage on January 1, 2022.

Responding to the inquiry of Napolitano (Woodway), Roscoe stated that the subject coverage exists up to \$10 million per occurrence, it is excluded above the \$11 million layer. To date, there are no known claims impacted by this additional restriction.

Powers (Mukulteo) moved to approve the 2022 Liability Joint Protection Program and 2022 Self-insured Coverage Document as presented. Napolitano (Woodway) seconded. Motion carried unanimously.

DIRECTOR'S REPORT

Before discussing insurance items, Bennett reminded the Board that the Full Board meeting scheduled for October 21, 2022, will be held in-person only.

Starting with liability, Bennett said the year-end 2021 ten year reported loss data given to the actuary showed that WCIA's incurred losses (limited to WCIA's self-insured retention) increased by \$32 million for the years 2011-2020 compared to the same time period as reported year-end 2020. Claims over \$1 million dollars rose by 54% from 28 to 43 over the reporting period of 2011 to 2020. 3.6% of WCIA's current open claims have a total incurred over \$1 million. This small percentage of claims represents 58.5% of WCIA's claim reserves. Bennett noted that worker hours are used as WCIA's exposure base and when exposures are increased, an increase in claims will result. Bennett highlighted that the areas driving these increases are road design, police, and jail losses. Unfortunately, \$1 million jury verdicts are becoming more common, not only for WCIA, but nationwide, and is influencing the hard insurance market. She informed that WCIA will be meeting with the actuary regarding rate setting for 2023.

Turning to cyber coverage, the cost for which is included in the administrative budget, Bennett stated that the current policy is written by AIG Specialty Insurance Company and staff is working with WCIA's broker Marsh to renew the May 31 expiring policy. She explained that renewing the policy will be challenging due to market conditions as carriers continue to reduce their risk tolerance for public entity cyber coverage. Noting that WCIA is considered a big risk with numerous exposures, Bennett relayed the possibility that cyber coverage will no longer be available at any price for risk pools soon. For the upcoming renewal, Bennet assured that WCIA will be able to obtain coverage with AIG; however, a 6% cost increase and reduced coverage is predicted. In efforts to be prepared if or when WCIA is unable to obtain coverage from the commercial market, staff is working with the Long Range Planning Committee to explore alternate coverage options, including starting our own program.

Moving on to pollution liability, Bennett informed that previous carrier Chubb eliminated writing coverage for risk pools; however, coverage was obtained with similar terms and conditions with Allied World Insurance Company. Effective February 1, the new two-year policy costs \$290,239, and replaces WCIA's one-year policy that cost \$193,493 thus saving WCIA 50% of the premium for two one-year policies. As with cyber, the cost of the policy is included in the administrative budget.

Bennett concluded her insurance updates by discussing Government Entities Mutual (GEM), which is a reinsurance captive of risk pools nationwide. WCIA has been a member since 2003. Informing that she is now serving as a GEM board member, Bennett indicated that GEM understands the business of risk pooling and offers great networking opportunities with other pools. She stated that regulators are impressed with how well-run GEM is, and GEM continues to be a great option for reinsurance.

During the recent legislative session, Bennett reported that staff provided input on police reform legislation and actively worked to address bills that expanded tort liability such as the Police Accountability Act and the Prejudgment Interest Bill. Staff worked closely with WCIA's lobbyist, the Tort Reform Coalition, and the Association of WA Cities (AWC). Bennett thanked members for responding to WCIA's calls for action to reach out to legislators on these two pieces of

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legislation. Ultimately, the bills did not pass; however, she expressed her concern that these bills may be introduced again at a future legislative session.

The Risk Management Committee created and introduced a new certification program, which is open to all members wishing to participate. The Risk Management Credentialing Program is self-paced, offering two levels of achievement. Announcing that the education session preceding this meeting rounded out the offered trainings needed for the program, Bennett encouraged those who have completed all four of the specified trainings to apply for the Fundamentals of Risk Management credential. She stated the program's goal of creating a culture of risk management throughout WCIA's member organizations and thanked those who participated. She affirmed that these types of trainings will continue to be offered.

Finally, Bennett reported on the use of a collections agency for claim recoveries. WCIA can pursue recovery from third parties who have caused property damage. For many years, staff members have been conducting the collections; however, many of those responsible for property damage to our members can be difficult to track down. Partnering with a collection agency will bring specialized expertise and tools to pursue recoveries at no cost to WCIA. Bennett informed that a request for proposals resulted in the selection of a vendor to provide collection services and the contract is currently under review. WCIA expects that this new partnership will increase the percentage of recoveries made which assists in keeping rates lower in both the Property and Auto Physical Damage Joint Protection Programs.

RISK REDUCTION GRANT RECIPIENTS

Risk Reduction Grant Committee Chair Derosier (LOTT Clean Water Alliance) named and thanked her fellow Grant Committee members for their hard work and dedication to this endeavor. The Committee met twice to review forty applications totaling approximately \$850,000, and she expressed appreciation to those members who put their submissions together. Pointing out that many of the grants were awarded to first-time recipients, Derosier named the 2022 grant recipients who received the eleven risk mitigation grants and five staff development grants.

Knight recommended that members reach out to their assigned Risk Management Representative regarding how they may be able to receive a grant in the future.

MEMBER RECOGNITION

Bennett expressed her appreciation to Board members for taking on the important role of serving as a WCIA delegate. Noting that several delegates who are present at this meeting have announced their retirement, Bennett recognized the following for their service to WCIA: Aalund (Lake Forest Park); Bellamy (Goldendale); Fitzpatrick (WA Multi-City Business License and Tax Portal Agency); Kammer (Battle Ground); and Tabbutt (Thurston Regional Planning Council).

Knight adjourned the meeting at 11:49 a.m.

Deborah Knight, WCIA President

Michele Neumann, Authority Secretary

Approved on: ____ / ____ /2022

October 21, 2022 Full Board Meeting

2021 Year End Financials

The unaudited WCIA Financials as of December 31, 2021, along with the footnotes and other supporting documents, were submitted to the State Risk Manager's Office and with the State Auditor's Office pursuant to WAC requirements.

WCIA's net position decreased approximately \$21 million from year end 2020. This was due to the claim payments/reserves increasing by approximately \$16.6 million from 2020 to 2021. Additionally, there was an approximate \$9.2 million decrease in the fair market value of investments which was offset some by an approximate \$5.6 million increase in assessments. WCIA's current net position is only \$6 million above the statutory minimum requirement.

Causes of the claim/reserve changes include: a growth in the frequency of over one-million-dollar claim settlements; social and actual inflation; and a decision to strengthen reserves earlier in the life of a claim.

The decrease in the fair market value in investments is in large part due to sudden and large incremental rises in interest rates during the year. WCIA's investment portfolio is primarily high-quality investment grade fixed income securities, and our practice is to hold these securities to maturity. A liquid balance is achieved through our investments in the State Investment Pool. We do not anticipate selling securities to raise cash and causing realized investment losses. There have been realized losses in investments that occur due to mortgage pay downs and the amortization of premiums paid for higher bond returns. The amortized premiums are offset and exceeded over time by the high interest rate returns but that takes time.

Cyber Renewal

WCIA's Cyber policy renewed on May 31, 2022. We renewed our Cyber coverage through AIG. The changes are listed below:

- Cost for the coverage increased 6% over the expiring policy
- A decrease of the policy aggregate from \$10 million to \$5 million
- Sub-Limits of \$1 million Third Party Liability Security and Privacy and Event Management remained the same but the aggregates for each coverage decreased from \$10 million to \$5 million
- Ransomware coverage remained at a \$100,000 per member but the aggregate was reduced to \$2.5 million
- Member deductibles increased from \$50,000 to \$100,000

The direct feedback from AIG when pressed for better terms was:

"Given the controls are lacking for a number of the members, it is difficult for us to justify coming down on the premium or retention at this point in time. Ransomware and other cyber-related claims are proving to continue being problematic and there are still 162 members, several with poor controls."

Staff will be working with the membership to communicate how to improve controls and AIG provided a training on October 20 for Cyber Security Risk Management.

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Current State of the Public Entity Liability Insurance Market

Staff recently met with brokers from Marsh for renewal strategies on all programs and received an update on the liability market. Their message was that vast changes and uncertainty exist in the public entity sector. The Western Region, which includes states with limited immunities and tort caps, bear the brunt of the hard market with higher increases than average. Bermuda and London are now providing some limited capacity and underwriters are more conservative than ever. Several markets have exited the space (Intact, Argonaut and Allied Public Risk) and when alternatives are found, coverage is restrictive and limited. Insureds are asked to take higher retentions and there remains limited overall capacity in the marketplace.

Marsh has been scheduling meetings for staff with current partners and potential new partners over the next several months. Recent marketing meetings have been positive with some interest in quoting. Staff began discussions with Lloyd's syndicates while in London for the property renewal which mainly consisted of an introduction to risk pooling and our exposures.

AGRiP Recognition

WCIA was granted the Association of Governmental Risk Pools (AGRiP) Recognition once again. AGRiP Recognition is an industry-specific method that conducts a comprehensive review and evaluation of internal operational procedures. Pools that meet the advisory standards are granted recognition for three years, assuring its governing body and its members that the pool is operating as effectively as they expect. WCIA has been granted this recognition for the last twenty-seven years.

Staff Update

Senior Risk Management Rep Lisa Knapton is retiring at the end of the year after 19 years of service to WCIA. In her long career with WCIA, Lisa handled claims for several years before moving over to Risk Management. Lisa's expertise in municipal exposures, risk controls and dedication to member service has been exemplary. Her hard work and dedication to WCIA and its membership will be greatly missed, and all of us at WCIA wish her a very happy retirement!

I am pleased to announce the two newest additions to the claims department. Jessica Dedman started on July 18 as a Claims Adjuster. Jess comes to us from State Farm where she worked for ten years handling complex liability, severe injury claims and litigation. Sierra Wright, just started on October 17 as a Claims Adjuster. Sierra comes to us from Progressive Insurance where she has worked since 2019. Prior to that, Sierra worked at State Farm as well as at Metro Parks Tacoma/Point Defiance Zoo and Aquarium. Welcome aboard to Jess and Sierra!

Background

After receiving the Actuary's loss projections and proposed member assessments, the Budget Committee met on June 22 to finalize the revenue side of the budget. Staff incorporated those recommendations as well as information gleaned from the Executive Committee's strategic planning sessions into the administrative expenditure side of the budget. The Budget Committee reviewed the proposed budget on September 22 and recommends passing it to the Executive Committee for review. The Executive Committee then reviews and recommends the proposed budget to the Full Board for approval.

The proposed 2023 General Operating Budget reflects WCIA's mission and strategic plan to provide stable risk financing while continuing to deliver state of the art risk management and insurance services.

Discussion

The budget dedicates funds to support the three-year strategic plan. Enduring a sustained hard insurance market, communications, and responding to increased risks and inflation are key themes of the plan.

The 2023 administrative budget assists members in reducing potential losses through training and early legal advice under the Pre-Defense review and Risk Consultation programs. Members are also supported in their staff development through credentialing and certification programs under the reimbursement program.

Assessment revenue is projected to increase almost 48% compared to 2022 due to liability rate increases to offset declining net position, rising reinsurance costs along with WCIA's adverse loss development. In addition, property rates were increased due to increasing rates from property carriers.

Although WCIA operates under one fund for accounting purposes, the budget is broken into three "accounts" in order to best illustrate agency activities and funding needs. Following is a brief summary of each account:

GENERAL OPERATING ACCOUNT

Liability Program:

The 2023 liability assessments will generate just over \$66.5 million. The actuary indicated a 40% rate increase which was based on the 2023 projected budget, anticipated claim activity with a component to build equity. On July 8, 2022, the Executive Committee voted to accept the actuary's indicated rate.

Uncertainty with public entity risks continues to diminish the number of carriers in the public entity liability market. Obtaining overall limits may be a challenge with reinsurers

seeking price increases as a result of adverse loss history, runaway jury verdicts for public entities nationally, as well as Washington State's lack of tort caps and immunities.

Also included in the liability insurance expense are the Cyber Liability and Pollution Liability coverage costs. The Pollution Liability premium was paid in 2022 and is a two-year policy thus no increase in cost is proposed for 2023.

Interest earnings are conservatively estimated to reflect changes in the bond market as a result of actual and anticipated increases to the Federal rate.

Property and Automobile Physical Damage (APD) Program:

The budget reflects a 13% rate increase to the member property rate which anticipates a 24% increase in property insurance costs for 2023. Property rates continue to increase due to the industry attempting to return to profitability. Property carriers have seen significant global losses due to wildfires, hurricanes, and the pandemic as the industry continues to see the impacts of climate change and larger more frequent natural disasters.

Equipment Breakdown premiums are included in the property program cost and are expected to see a modest 10% increase in 2023. Auto physical damage is seeing a slightly smaller rate increase at 9% primarily due to increased insurance costs.

Other Insurance Programs:

Crime/fidelity coverage is a joint purchased insurance program. The program will also experience an anticipated annual increase.

General Administration Program:

The General Administration budget includes several items to support the strategic plan. It covers office supplies, postage, software licenses, and technology upgrades. It also provides for contracted services such as legal counsel, actuarial services, appraisals, and auditing functions. Increases in this program include the cost of performing a staff compensation study (completed every three years) and a potential request for proposals (RFP) for investment brokerage services. The budget includes increases for travel and per diem costs for staff and Executive Committee attendance at national conferences, meetings with reinsurers (both current and potential), as well as increases for legislative activities and internal marketing.

Overall General Administration Program budget is increased by 14.29%.

Member Services Program:

Member training and education remains funded at the appropriate level to accomplish the objectives outlined in the strategic plan. Staff will continue to develop and offer new

training courses and forums to meet the demands of membership. Savings realized from use of technology to deliver training will be utilized to increase offerings.

Popular and effective programs such as Pre-Defense, Risk Management Consulting, and the Risk Reduction Grant Program are continued.

Overall Member Services Program budget is increased by 2.20%.

Claims Administration Program:

The Claims Administration program funds our in-house claims adjustment costs and payments to vendors who provide third-party claims adjusting services. WCIA utilizes Sedgewick Claims Management Services for losses that require field assistance. Approximately 20-25% of all claims are assigned to them. The 2023 budget proposal includes a new position within claims to bring some of the work currently assigned to Sedgewick in-house. The cost to fund the proposed Claims Representative position is offset by a \$100,000 reduction to the vendor-provided services and results in no net increase to the Claims Administration program budget. Bringing the position in-house allows greater control and management of claim adjusting.

Claims audit services was decreased since there will not be a claims audit in 2023. The audit is required every two years by GEM (Government Entities Mutual) and the State Risk Manager and will be included in the 2024 budget.

Overall Claims Administration Program budget is decreased by 5.88%.

OFFICE BUILDING ACCOUNT

The fund was built up deliberately over the last 16 years from tenant rental income and budget allocations in order to create reserves to cover large repairs or replacements. Renewals are uncertain due to changing conditions in office space needs. Tenant rental income is projected to be slightly higher in 2023 due to a new tenant, but there is still vacant space that is being actively marketed. No major repairs or upgrades are expected in 2023, but due to decreased revenues over the past three years, a transfer of budget funds to cover expenses is recommended.

EQUIPMENT REPLACEMENT ACCOUNT

The fund was created for capital furniture and equipment purchases. WCIA defines capital purchases as those with a cost of \$5,000 or greater. The 2023 budget includes an annual transfer of \$15,000 for the purchase of network equipment, if needed. The 2023 budget also includes funds for the possible replacement of the board room table, which was deferred from the 2022 budget.

Summary

The 2023 overall operating budget is a 22.4% increase over the 2022 budget, with administrative expenses increasing 5.3%. The cost of insurance and claims losses are the main drivers of the increase while personnel and benefits keep pace with a competitive market. Staff was diligent in reducing areas of the budget where possible and only proposing increases to meet essential operational changes or funding of strategic plan initiatives. The budget is consistent with the estimate provided to the actuary as part of the rate setting process for 2023.

Recommendation

Approve Resolution 267-22 to establish the 2023 Authority Operating Budget.

RESOLUTION 267-22

A Resolution to establish the 2023 Budget for the Washington Cities Insurance Authority and to establish the 2023 Assessment Contributions to be paid by Authority members.

WHEREAS, Article 8, Section C of the Interlocal Agreement creating the Authority requires the Board to review, modify, if necessary, and approve the annual operating budget of the Authority; and,

WHEREAS, the Authority's Executive Director has developed a 2023 Budget identifying Authority revenues and expenditures for the 2023 calendar year operation, as well as identifying assessments for members.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WASHINGTON CITIES INSURANCE AUTHORITY:

1. The 2023 Budget of the Authority is approved as shown on Attachment #1, which is incorporated herein by reference.
2. The authorized liability assessments for members in 2023 are approved as listed on Attachment #2, which is incorporated herein by reference. Member assessments will be invoiced by January 1, 2023, and will be paid in full by January 30, 2023.
3. The Executive Committee shall be empowered by the Full Board of Directors to make fund and/or line item transfers as necessary.

Date

Deborah Knight, President
Washington Cities Insurance Authority

ALL WCIA FUNDS	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
Beginning Fund Balance	\$ 55,548,030	\$ 57,790,573	\$ 38,057,782	\$ 38,057,782	\$ 41,843,775	-27.6%
<i>Operating Reserve</i>	\$ 53,471,143	\$ 55,647,737	\$ 36,013,211	\$ 36,013,211	\$ 39,844,018	-28.4%
<i>Building Reserve</i>	2,045,358	2,049,808	2,008,441	2,008,441	1,948,627	-4.9%
<i>Equipment Reserve</i>	31,529	93,029	36,130	36,130	51,130	-45.0%
OPERATIONS						
Revenue						
Member Assessments	57,536,793	64,250,782	67,729,464	67,729,464	90,884,190	41.5%
Member Services & Other Income	5,505,845	10,000	2,850	4,886	10,000	0.0%
Investment Income	4,813,689	5,000,000	2,464,447	4,224,766	5,000,000	0.0%
Total Revenue	67,856,327	69,260,782	70,196,761	71,959,116	95,894,190	38.5%
Expenses						
Claims Losses	49,982,272	36,040,564	22,567,163	38,686,565	45,109,000	25.2%
Insurance Expense	20,353,861	25,289,191	21,593,844	23,034,448	31,164,394	23.2%
Administrative Expenses (Attachment #1, Pages 3-5)	5,826,533	6,948,785	3,195,698	6,407,296	7,319,114	5.3%
Total Expenses	76,162,666	68,278,540	47,356,705	68,128,309	83,592,508	22.4%
NET OPERATIONS	(8,306,339)	982,242	22,840,056	3,830,807	12,301,682	1152.4%
OFFICE BUILDING (Attachment #1, Page 6)	(36,917)	(111,216)	(38,660)	(59,814)	(72,086)	-35.2%
EQUIPMENT REPLACEMENT (Attachment #1, Page 7)	4,601	-	15,000	15,000	-	#DIV/0!
Non Cash Adjustments:						
Depreciation	(199,139)	-	-	-	-	
Change in FMV of Investments	(9,259,443)	-	-	-	-	
Other Adjustments	306,989	-	-	-	-	
Total Non Cash Adjustments	(9,151,593)	-	-	-	-	
Net Change in Fund Balance	(17,490,248)	871,026	22,816,396	3,785,993	12,229,596	1304.0%
Ending Fund Balance	\$ 38,057,782	\$ 58,661,600	\$ 60,874,178	\$ 41,843,775	\$ 54,073,371	-7.8%
<i>Operating Reserve</i>	\$ 36,013,211	\$ 56,629,979	\$ 58,853,267	\$ 39,844,018	\$ 52,145,700	-7.9%
<i>Building Reserve</i>	2,008,441	1,938,592	1,969,781	1,948,627	1,876,541	-3.2%
<i>Equipment Reserve</i>	36,130	93,029	51,130	51,130	51,130	-45.0%

OPERATING ACCOUNT	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
Beginning Balance	\$ 55,548,030	\$ 57,790,573	\$ 38,014,729	\$ 38,014,729	41,818,105	
Revenue						
Charges for Services:						
Member Assessments - Liability	39,787,141	45,012,285	45,920,050	45,920,050	66,573,962	47.9%
Member Assessments - Property/Auto	17,628,192	19,076,602	21,680,893	21,680,893	24,145,228	26.6%
Member Assessments - Fidelity	121,460	161,895	128,521	128,521	165,000	1.9%
Total Charges for Services	57,536,793	64,250,782	67,729,464	67,729,464	90,884,190	41.5%
Member Services & Other Income	5,505,845	10,000	2,850	4,886	10,000	0.0%
Investment Income	4,813,689	5,000,000	2,464,447	4,224,766	5,000,000	0.0%
Total Revenue	67,856,327	69,260,782	70,196,761	71,959,116	95,894,190	38.5%
Claims Losses						
Liability	47,207,110	31,985,000	20,599,386	35,313,233	40,184,000	25.6%
Property	1,230,487	2,309,785	981,706	1,682,925	3,000,000	29.9%
Auto Physical Damage (APD)	1,544,675	1,745,779	986,071	1,690,407	1,925,000	10.3%
Total Claims Losses	49,982,272	36,040,564	22,567,163	38,686,565	45,109,000	25.2%
Insurance Expense						
Liability Reinsurance	7,861,977	10,182,822	9,541,745	9,541,745	12,655,000	24.3%
Property Insurance	11,627,676	14,015,511	11,191,580	12,544,307	17,342,142	23.7%
APD Insurance	818,190	928,963	727,036	814,913	996,252	7.2%
Fidelity Insurance	41,790	161,895	128,521	128,521	165,000	1.9%
Specialized Insurance (net)	4,228	-	4,962	4,962	6,000	
Total Insurance Expense	20,353,861	25,289,191	21,593,844	23,034,448	31,164,394	23.2%
Administrative Expenses (Attachment #1, Pages 3-5)	5,826,533	6,948,785	3,195,698	6,407,296	7,319,114	5.3%
Total Claims Losses & Expenses	76,162,666	68,278,540	47,356,705	68,128,309	83,592,508	22.4%
Capital Expenditures:						
Equipment	10,399	72,500	-	-	15,000	
Building	64,970	12,000	22,052	27,431	48,000	
Total Capital Expenditures	75,369	84,500	22,052	27,431	63,000	-25.4%
Non Cash Adjustments:						
Depreciation	(199,139)	-	-	-	-	
Change in FMV of Investments	(9,259,443)	-	-	-	-	
Other Adjustments	306,989	-	-	-	-	
Total Non Cash Adjustments	(9,151,593)	-	-	-	-	
Net Change	(17,533,301)	897,742	22,818,004	3,803,376	12,238,682	1263.3%
Ending Account Balance	\$ 38,014,729	\$ 58,688,316	\$ 60,832,733	\$ 41,818,105	54,056,787	-7.9%

OPERATING ACCOUNT

GENERAL ADMINISTRATION	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
PERSONNEL SERVICES:						
PERSONNEL SALARIES	\$ 1,048,503	\$ 1,101,115	\$ 671,493	\$ 1,151,131	1,268,919	15.24%
PERSONNEL BENEFITS	323,521	\$ 390,932	222,851	\$ 382,030	425,491	8.84%
VEHICLE ALLOWANCE	<u>1,500</u>	<u>6,000</u>	<u>3,500</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	0.00%
SUBTOTAL	<u>1,373,524</u>	<u>1,498,047</u>	<u>897,844</u>	<u>1,539,161</u>	<u>1,700,410</u>	13.51%
PROFESSIONAL SERVICES:						
LEGAL SERVICES	39,011	70,000	24,007	41,155	70,000	0.00%
FINANCIAL SERVICES	27,611	32,000	27,565	47,254	35,000	9.38%
AUDIT SERVICES	19,487	19,500	-	19,000	23,000	17.95%
ACTUARIAL SERVICES	49,600	115,000	-	115,000	54,600	-52.52%
CONSULTING SERVICES	68,384	75,000	13,366	40,000	152,000	102.67%
STATE RISK MGMT. FEE (DES)	<u>7,325</u>	<u>12,000</u>	<u>1,465</u>	<u>12,000</u>	<u>12,000</u>	0.00%
SUBTOTAL	<u>211,418</u>	<u>323,500</u>	<u>66,403</u>	<u>274,409</u>	<u>346,600</u>	7.14%
OPERATING EXPENSES:						
SUPPLIES & SERVICES	47,407	50,250	8,310	14,246	69,020	37.35%
POSTAGE & SHIPPING	3,389	5,000	1,476	2,530	3,500	-30.00%
TELEPHONE	21,985	42,360	12,114	20,767	72,520	71.20%
TRANSPORTATION & PER DIEM	8,356	25,000	12,777	21,903	62,850	151.40%
LEASED EQUIPMENT	9,566	7,500	3,713	6,365	7,500	0.00%
SOFTWARE/LICENSE FEES	251,411	282,387	49,070	282,387	298,000	5.53%
DUES/CONFERENCES/SUB	29,294	30,000	23,733	40,685	41,708	39.03%
PRINTING	3,506	6,000	678	5,000	7,400	23.33%
EX COMM/BOARD MEETINGS	15,428	35,000	-	20,000	35,000	0.00%
EX COMM/BOARD TRANSPORTATION	<u>1,153</u>	<u>17,000</u>	<u>1,110</u>	<u>5,000</u>	<u>13,000</u>	-23.53%
SUBTOTAL	<u>391,495</u>	<u>500,497</u>	<u>112,981</u>	<u>418,884</u>	<u>610,498</u>	21.98%
CAPITAL OUTLAY:						
FURNITURE/EQUIPMENT	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>11,000</u>	<u>25,000</u>	0.00%
SUBTOTAL	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>11,000</u>	<u>25,000</u>	0.00%
TOTAL ADMINISTRATION	<u>\$ 1,976,437</u>	<u>\$ 2,347,044</u>	<u>\$ 1,077,228</u>	<u>\$ 2,243,454</u>	<u>\$ 2,682,508</u>	14.29%

MEMBER SERVICES	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
PERSONNEL SERVICES:						
PERSONNEL SALARIES	\$ 967,589	\$ 1,015,566	\$ 594,575	1,019,271	\$ 1,072,067	5.56%
PERSONNEL BENEFITS	318,790	\$ 362,044	203,587	349,006	\$ 374,555	3.46%
SUBTOTAL	1,286,379	1,377,610	798,162	1,368,278	\$ 1,446,622	5.01%
OPERATING EXPENSES:						
SUPPLIES & SERVICES	-	3,000	-	1,500	4,000	33.33%
TRANSPORTATION & PER DIEM	144	69,700	2,132	6,000	69,700	0.00%
DUES/CONFERENCES	3,510	11,285	387	11,500	12,085	7.09%
TRAINING & SEMINARS	699,297	730,000	404,082	730,000	730,000	0.00%
RISK REDUCTION GRANT PROGRAM	108,609	175,000	34,500	175,000	175,000	0.00%
PRE-DEFENSE REVIEW	591,126	700,000	177,380	650,000	700,000	0.00%
RISK MANAGEMENT CONSULT	73,064	155,000	44,320	75,000	155,000	0.00%
SUBTOTAL	1,475,750	1,843,985	662,801	1,649,000	1,845,785	0.10%
CAPITAL OUTLAY:						
FURNITURE/EQUIPMENT	0	0	0	0	0	0.00%
SUBTOTAL	0	0	0	0	0	0.00%
TOTAL MEMBER SERVICES	\$ 2,762,129	\$ 3,221,595	\$ 1,460,963	\$ 3,017,278	\$ 3,292,407	2.20%

	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
CLAIMS ADMINISTRATION						
PERSONNEL SERVICES:						
PERSONNEL SALARIES	\$ 644,705	\$ 581,916	\$ 348,617	\$ 597,629	\$ 637,382	9.53%
PERSONNEL BENEFITS	218,914	\$ 260,730	131,154	\$ 224,835	\$ 282,817	8.47%
SUBTOTAL	863,619	842,646	479,771	822,465	\$ 920,199	9.20%
PROFESSIONAL SERVICES:						
AUDIT SERVICES (CLAIMS AUDIT)	0	12,000	0	12,000	\$ -	
CLAIMS ADMINISTRATION	217,545	500,000	173,230	\$ 300,000	\$ 400,000	-20.00%
SUBTOTAL	217,545	512,000	173,230	312,000	400,000	-21.88%
OPERATING EXPENSES:						
SUPPLIES/MATERIALS/MISC.	250	2500	22	100	1000	-60.00%
TRANSPORTATION & PER DIEM	1,478	15000	3,914	10,000	15000	0.00%
DUES/CONFERENCE/SUB	3,562	8000	570	1,000	8000	0.00%
RECORDS MANAGEMENT	1,513	0	0	0	0	
SUBTOTAL	6,803	25,500	4,506	11,100	24,000	-5.88%
CAPITAL OUTLAY:						
FURNITURE/EQUIPMENT	0	0	0	1,000	0	
SUBTOTAL	0	0	0	1,000	0	
TOTAL CLAIMS ADMINISTRATION	\$ 1,087,967	\$ 1,380,146	\$ 657,507	\$ 1,146,565	\$ 1,344,199	-2.60%
TOTAL ADMINISTRATIVE EXPENSES	\$ 5,826,533	\$ 6,948,785	\$ 3,195,698	\$ 6,407,296	\$ 7,319,114	5.33%

OFFICE BUILDING ACCOUNT	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
BEGINNING RESERVE BALANCE	\$ 2,045,358	\$ 2,049,808	\$ 2,008,441	\$ 2,008,441	\$ 1,948,627	-4.94%
REVENUES						
RENTAL INCOME-TENANTS	269,533	129,884	79,853	154,324	181,714	39.90%
GENERAL OPER. FUND TRANSFER IN	-	-	45,000	45,000	30,000	
TOTAL REVENUES	269,533	129,884	124,853	199,324	211,714	63.00%
EXPENDITURES						
BUILDING OPERATING EXPENSES						
REPAIRS & MAINT	12,617	27,000	18,608	31,899	32,000	18.52%
JANITORIAL	30,149	36,000	12,536	31,000	31,000	-13.89%
PROPERTY MANAGEMENT FEES	21,000	21,000	12,250	21,000	21,000	0.00%
ELEVATOR CONTRACT	4,496	5,000	8,246	4,940	5,000	0.00%
HVAC	20,168	13,600	8,820	19,500	21,000	54.41%
SECURITY	8,119	8,000	4,575	7,843	8,300	3.75%
GROUNDS	22,584	26,000	24,099	31,000	32,000	23.08%
UTILITIES/TRASH	44,546	44,000	25,717	45,000	46,000	4.55%
TAXES	17,287	18,000	12,656	20,000	20,000	11.11%
GENERAL & ADMINISTRATIVE	4,502	5,000	6,648	7,000	7,000	40.00%
BLDG DATA SERVICE (COMCAST FOR BLDG)	12,167	12,500	7,306	12,525	12,500	0.00%
SUBTOTAL	197,635	216,100	141,461	231,707	235,800	9.12%
CAPITAL EXPENSES						
LAND & BUILDING	64,970	-	2,431	2,431	-	#DIV/0!
LEASING COMMISSIONS	22,964	20,000	19,621	25,000	25,000	25.00%
TENANT IMPROVEMENTS	20,881	5,000	-	-	23,000	360.00%
SUBTOTAL	108,815	25,000	22,052	27,431	48,000	92.00%
TOTAL EXPENDITURES	306,450	241,100	163,513	259,138	283,800	17.71%
REVENUES OVER EXPENSES	(36,917)	(111,216)	(38,660)	(59,814)	(72,086)	-35.18%
ENDING RESERVE BALANCE	\$ 2,008,441	\$ 1,938,592	\$ 1,969,781	\$ 1,948,627	\$ 1,876,541	-3.20%

EQUIPMENT REPLACEMENT ACCOUNT	2021 ACTUAL	2022 ADOPTED BUDGET	2022 ACTUALS as of 7/31	2022 PROJECTED	2023 BUDGET PROPOSAL	PERCENT INCR/ (DECR)
BEGINNING RESERVE BALANCE	\$ 31,529	\$ 93,029	\$ 36,130	\$ 36,130	\$ 51,130	
REVENUES						
OPERATING TRANSFER IN	15,000	15,000	15,000	15,000	15,000	0.00%
TOTAL REVENUES	15,000	15,000	15,000	15,000	15,000	0.00%
EXPENSES						
EQUIPMENT REPLACEMENT	10,399	15,000	-	-	\$ 15,000	
TOTAL EXPENSES	10,399	15,000	-	-	15,000	
REVENUES OVER EXPENSES	4,601	-	15,000	15,000	-	
ENDING RESERVE BALANCE	\$ 36,130	\$ 93,029	\$ 51,130	\$ 51,130	\$ 51,130	-45.04%

PROPOSED BUDGET 2023

MEMBER	2022 LIABILITY ASSESSMENT	2023 LIABILITY ASSESSMENT	PERCENT CHANGE
Aberdeen	699,880	1,113,373	59.08%
Anacortes	515,021	786,469	52.71%
Arlington	451,599	604,447	33.85%
Auburn	1,648,352	2,602,964	57.91%
Bainbridge Island	448,612	634,308	41.39%
Battle Ground	210,954	323,804	53.50%
Benton City	56,040	64,981	15.96%
Bonney Lake	262,622	341,555	30.06%
Bothell	915,508	1,115,626	21.86%
Bremerton (Joined liability program 2/1/22)	876,670	1,380,659	57.49%
Brewster	86,640	131,777	52.10%
Brier	118,555	158,394	33.60%
Burien	434,246	697,764	60.68%
Burlington	260,862	418,949	60.60%
Camas	655,744	936,900	42.88%
Cashmere	51,991	64,647	24.34%
Centralia	360,195	537,086	49.11%
Chehalis	243,257	397,112	63.25%
Chelan	249,062	409,823	64.55%
Cheney	139,636	198,023	41.81%
Clark Regional Emergency Services Agency	32,977	38,797	17.65%
Clarkston	175,508	239,366	36.38%
Cle Elum	84,047	115,764	37.74%
Clyde Hill	112,728	151,747	34.61%
College Place	175,470	249,227	42.03%
Coupeville	73,223	114,293	56.09%
Covington	39,333	62,001	57.63%
Cowlitz 911	30,425	45,634	49.99%
Cowlitz-Wahkiakum Council of Governments	5,827	10,824	85.75%
Des Moines	413,044	560,566	35.72%
Des Moines Pool Metropolitan Park District	12,701	26,892	111.73%
Duvall	186,462	266,379	42.86%
Eastside Public Safety Communications Agency	1,678	2,516	49.98%
eCity Gov Alliance	5,000	5,000	0.00%
Edgewood	146,416	234,388	60.08%
Edmonds	708,490	867,056	22.38%
Ellensburg	356,448	540,893	51.75%
Elma	117,591	162,845	38.48%
Enumclaw	265,708	354,540	33.43%
Everson	77,927	108,289	38.96%
Federal Way	929,727	1,512,146	62.64%
Ferndale	224,388	351,961	56.85%
Fife	299,415	502,433	67.80%
George	19,790	29,738	50.26%
Goldendale	109,318	146,655	34.15%
Grandview	170,693	227,848	33.48%
Granite Falls	57,251	92,262	61.15%
Grays Harbor Communications Center, E9-1-1	35,828	51,371	43.38%
Hoquiam	259,311	357,203	37.75%
Issaquah	839,786	1,179,653	40.47%
Jefferson County 911	19,035	25,179	32.28%
Kelso	451,824	594,936	31.67%
Kenmore	425,012	566,081	33.19%
Kennewick	926,504	1,417,283	52.97%
Kirkland	1,617,773	2,345,495	44.98%

PROPOSED BUDGET 2023

MEMBER	2022 LIABILITY ASSESSMENT	2023 LIABILITY ASSESSMENT	PERCENT CHANGE
Kitsap 911	44,308	56,625	27.80%
La Conner	50,359	67,268	33.58%
Lacey	515,524	658,340	27.70%
Lake Forest Park	221,437	319,823	44.43%
Lake Stevens	606,519	734,759	21.14%
Lake Stevens Sewer District	8,182	33,499	309.42%
Lakewood	1,223,327	1,675,461	36.96%
Leavenworth	223,996	428,937	91.49%
Long Beach	93,349	126,785	35.82%
Longview	978,038	1,437,737	47.00%
LOTT Clean Water Alliance	33,662	51,448	52.84%
Lynden	208,155	320,869	54.15%
Lynnwood	777,205	1,229,035	58.14%
Mabton	84,384	100,227	18.77%
Maple Valley	135,126	197,105	45.87%
Marysville Fire District	59,605	92,131	54.57%
Mason County Emergency Communications	23,546	34,177	45.15%
Mattawa	60,909	84,283	38.38%
McCleary	131,695	173,899	32.05%
Medical Lake	93,184	134,814	44.68%
Medina	191,162	259,221	35.60%
Mercer Island	658,771	1,010,834	53.44%
Metropolitan Park Dist. of Tacoma	231,957	393,649	69.71%
Mill Creek	153,070	219,159	43.18%
Millwood	33,574	43,245	28.80%
Milton	241,925	320,035	32.29%
Monroe	530,669	817,755	54.10%
Monroe Transportation Benefit District	2,500	2,500	0.00%
Moses Lake	536,948	893,560	66.41%
Mount Vernon	512,755	823,914	60.68%
Mountlake Terrace	494,859	773,907	56.39%
Mukilteo	208,311	341,074	63.73%
Multi Agency Communications Center	16,811	24,648	46.61%
Newcastle	98,655	148,956	50.99%
NORCOM	67,801	83,157	22.65%
Normandy Park	157,181	201,177	27.99%
Normandy Park Metropolitan Park District	5,000	5,000	0.00%
North Bonneville	24,150	34,106	41.23%
Northshore Park and Recreation Service Area	5,000	5,000	0.00%
Northshore Utility District	281,909	404,072	43.33%
Northwest Incident Management Team	5,000	5,000	0.00%
Oak Harbor	490,606	617,795	25.92%
Ocean Shores	145,592	227,670	56.38%
Olympia	1,945,460	2,947,866	51.53%
Olympia Metropolitan Park District	5,000	5,000	0.00%
Olympic View Water & Sewer District	11,640	17,556	50.82%
Orting	147,035	216,546	47.28%
Othello	191,937	277,984	44.83%
Pasco	1,158,828	1,474,467	27.24%
Port Angeles	721,853	1,076,768	49.17%
Port Townsend	494,146	586,516	18.69%
Poulsbo	596,589	783,688	31.36%
Pullman	940,869	1,194,535	26.96%
Pullman Metropolitan Park District	8,864	27,893	214.66%
Pullman-Moscow Regional Airport Board	7,300	14,885	103.92%
Puyallup	840,288	1,305,340	55.34%

PROPOSED BUDGET 2023

MEMBER	2022 LIABILITY ASSESSMENT	2023 LIABILITY ASSESSMENT	PERCENT CHANGE
Richland	1,412,112	1,824,863	29.23%
Ridgefield	271,759	372,903	37.22%
Sammamish	310,041	485,530	56.60%
Seattle Southside Regional Tourism Authority	10,811	13,112	21.29%
Selah	241,723	366,974	51.82%
Sequim	323,655	481,785	48.86%
Shelton	330,646	523,972	58.47%
Shelton Metropolitan Park District	5,000	5,000	0.00%
Shoreline	416,692	599,830	43.95%
Silver Lake Water and Sewer District	47,427	67,842	43.04%
Skagit 9-1-1	60,283	71,534	18.67%
Skagit Council of Governments	5,000	5,995	19.89%
Snohomish	183,380	226,710	23.63%
Snohomish County 911	99,403	143,377	44.24%
Snohomish County Fire District 7	114,045	139,164	22.03%
Snoqualmie	241,473	311,466	28.99%
Soap Lake	198,325	271,591	36.94%
South Correctional Entity (SCORE)	313,671	451,794	44.03%
South Sound 911	163,960	198,481	21.05%
Spokane Regional Emergency Communications	86,900	114,480	31.74%
Spokane Valley	289,697	407,380	40.62%
Stanwood	153,238	246,356	60.77%
Steilacoom	228,401	341,488	49.51%
Stevenson	33,326	54,261	62.82%
Sumas	51,374	72,695	41.50%
Sumner	209,069	328,267	57.01%
Sunnyside	367,178	533,755	45.37%
Three Rivers Regional Wastewater Authority	13,143	20,581	56.60%
Thurston 9-1-1 Communications	23,217	29,117	25.41%
Thurston Public Utility District	43,458	59,631	37.21%
Thurston Regional Planning Council	30,212	43,718	44.70%
Toppenish	222,863	350,316	57.19%
Tukwila	907,893	1,166,213	28.45%
Tukwila Pool Metropolitan Park District	6,316	13,296	110.52%
Tumwater	439,593	679,310	54.53%
Tumwater Metropolitan Park District	5,000	5,000	0.00%
Union Gap	263,973	382,490	44.90%
University Place	53,627	75,167	40.17%
Valley Communications Center	47,204	70,537	49.43%
Valley Regional Fire Authority	47,472	61,410	29.36%
Walla Walla	937,594	1,269,956	35.45%
Walla Walla Valley Metro Planning Organization	5,000	5,000	0.00%
Warden	70,005	102,731	46.75%
Washington Multi-City License & Tax Portal Agency	5,000	5,000	0.00%
Washougal	96,250	137,336	42.69%
Water Operating Board	5,000	5,000	0.00%
West Richland	214,783	290,819	35.40%
Westport	81,964	119,883	46.26%
Wenatchee (Member as of 1/1/23)		453,138	
WHITCOM 911	24,950	32,244	29.23%
William Shore Memorial Pool District	14,451	50,036	246.26%
Woodinville	145,209	192,123	32.31%
Woodway	37,181	54,197	45.76%
Yakima Valley Conference of Governments	8,365	13,908	66.27%
Yarrow Point	22,478	30,570	36.00%

PROPOSED BUDGET 2023

MEMBER	2022 LIABILITY ASSESSMENT	2023 LIABILITY ASSESSMENT	PERCENT CHANGE
Zillah	119,538	177,007	48.08%
TOTAL	45,888,955	66,573,962	45.08%

Approval of 2023 Self-Insured Coverage Document

Background

The Self-Insured Coverage Document is reviewed and approved annually by the WCIA Board in conjunction with the Liability Joint Protection Program (LJPP). The LJPP outlines rules for membership qualifications, the treatment of assessments, and coverage termination along with member responsibilities. The LJPP by reference incorporates the Coverage Document, which formalizes coverage terms and conditions. The LJPP and Coverage Document will be presented to the Full Board in January once our reinsurance carriers and limits are determined. The reinsurers need the LJPP and the Coverage Document, and any changes to it, as part of our underwriting submission.

Discussion

WCIA currently purchases reinsurance above a \$4 million per occurrence self-insured layer as follows: Government Entities Mutual (GEM) - \$2 million per occurrence and \$5 million per occurrence (10% WCIA and 90% GEM); Applied, Upland, Ark and Arcadian Insurance Companies - \$4 million per occurrence with a \$1 million annual aggregate deductible; and Allied World Assurance Company - \$5 million per occurrence. The 2022 total limits, all controlled by the LJPP, are \$20 million subject to aggregates and sub-limits. The reinsurance policies all end on December 31 of the applicable coverage year.

Each fall, WCIA's broker begins the renewal process for our purchased reinsurance layers. Our coverage document is a vital component of the underwriting process and therefore any changes should be made prior to obtaining quotes from the carriers.

Vast changes and uncertainty exist in the public entity insurance sector and the west coast bears the brunt of the hard market with higher increases than average due to the lack of immunities and tort caps. Bermuda and London are now providing some limited capacity and underwriters are more conservative than ever. Several markets have exited the space (Intact, Argonaut and Allied Public Risk) and when alternatives are found, coverage is restrictive and limited. There remains limited overall capacity in the marketplace

Staff is recommending changes in the 2023 Coverage Document to include additional language to the willful act exclusion, carving out an exception to the malpractice exclusion to cover community responders as requested by members, additional language to the definition of occurrence, and definition of intentional acts for further emphasize that all coverages are included.

As WCIA is currently in the renewal process, the decision on reinsurers and limits will be presented in the final documents as part of the 2023 LJPP and Coverage Document for approval in January.

Recommendation

Approve the 2023 Self-Insured Coverage Document.

Self-Insured Coverage Document

#CT-2023~~2~~



WASHINGTON CITIES INSURANCE AUTHORITY

Self-Insured Coverage Document CT-20232
January 1, 20232 to January 1, 20243
12:01 am Pacific Standard Time

LIMITS/ULTIMATE NET LOSS:

SELF-INSURED LAYER LIMIT:	\$4,000,000 PER OCCURRENCE
REINSURED LAYER GEM:	\$2,000,000 PER OCCURRENCE
REINSURED LAYER GEM 90% WCIA 10%:	\$5,000,000 PER OCCURRENCE
REINSURED LAYER Applied (50%), Upland (25%) and Ark and Arcadian (25%) Insurance Companies:	\$4,000,000 PER OCCURRENCE AND \$20,000,000 all lines of business POOL AGGREGATE \$1,000,000 ANNUAL AGGREGATE DEDUCTIBLE \$4,000,000 General Liability per occurrence and \$4,000,000 aggregate per member \$4,000,000 Auto Liability per occurrence \$4,000,000 Employee Benefits per occurrence \$4,000,000 Errors or Omissions liability per occurrence and \$4,000,000 aggregate per member \$4,000,000 Employment Practices Liability per occurrence and \$4,000,000 aggregate per member \$4,000,000 Police Professional Liability per occurrence and \$4,000,000 aggregate per member \$4,000,000 Stop Gap Coverage per occurrence and \$4,000,000 per member \$4,000,000 Prior Wrongful Acts per occurrence and \$4,000,000 aggregate per member \$4,000,000 Wildfire Liability POOL AGGREGATE
REINSURED LAYER Allied World Assurance Company:	\$5,000,000 PER OCCURRENCE AND \$5,000,000 AGGREGATE PER MEMBER and \$25,000,000 POOL AGGREGATE
TOTAL LIMIT:	\$20,000,000 PER OCCURRENCE, subject to aggregates and sub-limits below and in Section I.D, and Section I.E in the WCIA Joint Protection Program.

SPECIFIC AGGREGATE LIMITS/SUB-LIMITS:

\$4,000,000 per occurrence limit and \$4,000,000 annual aggregate per member applying to Terrorism.

\$5,000,000 per occurrence limit and \$5,000,000 annual aggregate limit per member for Errors or Omissions Coverage arising out of the operations, ownership, maintenance or use of any airport.

\$5,000,000 per occurrence limit and \$5,000,000 annual aggregate limit per member for any liability arising out of Land-Use Planning and Land-Use Regulation, zoning, and any other land use and permitting process.

\$11,000,000 per occurrence per member for any loss, liability cost, damage, expense, fine or penalty of any insured resulting from or arising out of or related to directly or indirectly or in whole or in part to property damage or bodily injury caused by the gradual or sudden "Subsidence" of the earth.

DESCRIPTION OF COVERAGE: General Liability, Automobile Liability, Stop-Gap Coverage, Errors or Omissions Liability, Employee Benefits Liability, Employment Practices Liability, Prior Wrongful Acts, and Police Professional Liability Coverage.

LIMITS OF LIABILITY FOR ALL COVERAGE:

The Limits/Ultimate Net Loss stated herein and the rules below set the maximum the Authority will pay regardless of the number of:

- a. members,
- b. claims made or lawsuits brought, or
- c. persons or organizations making claims or bringing lawsuits.

TERRITORY: This coverage applies to General Liability, Automobile Liability, Stop-Gap Coverage, Errors or Omissions Liability, Employee Benefit Liability, Employment Practices Liability, Prior Wrongful Acts, and Police Professional Liability coverage occurring anywhere in the United States of America, its territories and possessions or Canada.

Members covered by this agreement include the following and new members approved by the Executive Committee during the Coverage Year; members of the Large Deductible Program have their deductible levels listed by their names:

Aberdeen	Leavenworth
Anacortes	Long Beach
Arlington	Longview
Auburn	LOTT Clean Water Alliance
Bainbridge Island	Lynden
Battle Ground	Lynnwood (\$50,000)
Benton City	Mabton
Bonney Lake	Maple Valley
Bothell	Marysville Fire District
Bremerton (2/1/2022)	Mason County Emergency Communications (MACECOM)
Brewster	Mattawa
Brier	McCleary
Burien	Medical Lake
Burlington	Medina
Camas	Mercer Island
Cashmere	Metropolitan Park District of Tacoma (\$25,000)
Centralia	Mill Creek
Chehalis	Millwood
Chelan	Milton
Cheney	Monroe
Clark Regional Emergency Services Agency (CRESA)	Monroe Transportation Benefit District
Clarkston	Moses Lake (\$25,000)
Cle Elum	Mount Vernon
Clyde Hill	Mountlake Terrace
College Place	Mukilteo
Coupeville	Multi Agency Communications Center (MACC 911)
Covington	Newcastle
Cowlitz 911	NORCOM
Cowlitz-Wahkiakum Council of Governments	Normandy Park
Des Moines	Normandy Park Metropolitan Park District
Des Moines Pool Metropolitan Park District	North Bonneville
Duvall	Northshore Park and Recreation Service Area
Eastside Public Safety Communications Agency (EPSCA)	Northshore Utility District
eCity Gov Alliance	NW Incident Management Team
Edgewood	Oak Harbor
Edmonds	Ocean Shores
Ellensburg	Olympia
Elma	Olympia Metropolitan Park District
Enumclaw	Olympic View Water and Sewer District
Everson	Orting
Federal Way	Othello
Ferndale	Pasco
Fife	Port Angeles (\$50,000)
George	Port Townsend
Goldendale	Poulsbo
Grandview	Pullman
Granite Falls	Pullman Metropolitan Park District
Grays Harbor Communications Center, E9-1-1	Pullman-Moscow Regional Airport Board
Hoquiam	Puyallup (\$100,000)
Issaquah	Richland
Jefferson County 911	Ridgefield
Kelso	Sammamish
Kenmore	Seattle Southside Regional Tourism Authority
Kennewick	Selah
Kirkland	Sequim
Kitsap 911 Public Authority	Shelton
La Conner	Shelton Metropolitan Park District
Lacey	Shoreline
Lake Forest Park	Silver Lake Water & Sewer District
Lake Stevens	Skagit 911
Lake Stevens Sewer District	Skagit Council of Governments
Lakewood	Snohomish

Snohomish County 911	Tumwater Metropolitan Park District
Snohomish Regional Fire and Rescue	Union Gap
Snoqualmie	University Place
Soap Lake	Valley Communications Center
South Correctional Entity (SCORE)	Valley Regional Fire Authority
South Sound 911	Walla Walla
Spokane Regional Emergency Communications	Walla Walla Valley Metropolitan Planning Organization
Spokane Valley	Warden
Stanwood	Washington Cities Insurance Authority
Steilacoom	Washington Multi-City Business License and Tax
Stevenson	Portal Agency
Sumas	Washougal
Sumner	Water Operating Board
Sunnyside	<u>Wenatchee</u>
Three Rivers Regional Wastewater Authority	West Richland
Thurston 9-1-1 Communications	Westport
PUD#1-Thurston County (Thurston Public Utility District)	WHITCOM 911
Thurston Regional Planning Council (TRPC)	William Shore Memorial Pool District
Toppenish	Woodinville
Tukwila (\$25,000)	Woodway
Tukwila Pool Metropolitan Park District	Yakima Valley Conference of Governments
Tumwater	Yarrow Point
	Zillah

This document is not an insurance policy. The Washington Cities Insurance Authority (Authority) is not an insurance company. This document is an agreement by and between the Authority and its members to pay all covered losses subject to the limits and other terms, exclusions and conditions of this Agreement and any addenda attached. This document is to be construed and enforced under the law of the State of Washington. In consideration of the assessments paid by the members, this Agreement provides the following coverages:

I. COVERAGE AGREEMENTS

A. GENERAL & AUTOMOBILE LIABILITY COVERAGE

1. Coverage

In consideration of the assessment herein provided, the Authority hereby agrees, subject to the limitations, terms, exclusions and conditions hereinafter mentioned, to pay on behalf of the member all sums which the member shall be obligated to pay by reason of liability:

- a. imposed upon the member by law; or
- b. assumed under contract or agreement by the member and/or any officer, director, official, or employee of the member, while acting in his or her capacity as such;
- c. for damages, direct or consequential and expenses, all as more fully defined by the term "ultimate net loss" on account of:
 - i. personal injury,
 - ii. property damage,
 - iii. advertising liability,

caused by or arising out of an occurrence during the coverage period. The coverage for the liability assumed under contract in I. A. 1. b. above shall be limited to the terms, conditions, limitations and exclusions in the Coverage Document and the Liability Joint Protection Program document.

"Damages" as used in this section and this Agreement, do not include punitive or exemplary damages or fines or penalties or any similar relief awarded against the member.

2. Defense and Settlement of Covered Claims

Subject to the limits and other terms, exclusions and conditions of this Agreement, for any claim covered by this Agreement and properly tendered to the Authority, the Authority shall have the absolute and unrestricted right and duty to select legal counsel to defend the member against the claim and pay the costs of the selected defense counsel and; further, shall have the absolute and unrestricted right to settle any covered claim within the limits of the provided coverage. The Authority shall have no obligation or duty to pay for the defense costs of a member for any uncovered or excluded claim. Notwithstanding the forgoing, the Authority shall not be obligated to defend any criminal investigation, criminal proceeding or prosecution against any member.

3. Exclusions

This Agreement is subject to the following exclusions:

This Agreement shall not apply to any claims against any member:

- a. Regarding any obligation for which the member or any carrier as insurer may be held liable under any Workers' Compensation, unemployment compensation or disability benefits law, or under any similar law;
 - i. with respect to liability arising out of bodily injury to Law Enforcement Officers and Fire Fighters employed by the member it is agreed that exclusion (a) above is deleted and the following substituted therefore:

this Agreement does not apply to personal injury of any employee arising out of and in the course of their employment by the member to the extent that benefits for such personal injury are either payable or required to be provided under the "Washington Law Enforcement Officers and Fire Fighters' Retirement System Act."
- b. For personal injury to or sickness, disease or death of any employee of the member arising out of and in the course of their employment by the member.
- c. For any liability arising from providing or failing to provide health care or otherwise subject to RCW 7.70. However, this exclusion shall not apply to paramedics, ~~or~~ physical therapists, or community responders facilitating access to health and human services; and does not apply to first responders administering opioid antagonists pursuant to RCW 69.41 or in rendering first aid treatment. The term "physical therapists" shall include any member who is providing physical therapy service to another member and who is subject to RCW 18.74. "Community responders" shall include qualified employees who engage in crisis intervention and/or assist members of the public who have behavioral health, substance abuse, housing, or other social services needs with obtaining resources. "First responder" is defined as any career or volunteer firefighter, law enforcement officer, or paramedic as defined in RCW 18.71.200, or emergency medical technician as defined in RCW 18.73.030. Furthermore, this exclusion shall not apply to the legal drawing of blood samples from criminal suspects for evidence in criminal investigations by police personnel currently certified by the Washington State Department of Health as Phlebotomists under RCW 18.360.
- d. For advertising activities, including claims made against any member for:
 - i. failure of performance of contract, but this shall not relate to claims for unauthorized appropriation of ideas based upon alleged breach of an implied contract;
 - ii. infringement of registered trade mark, service mark or trade name by use thereof as the registered trade mark, service mark or trade name of goods or services sold, offered for sale or advertised, but this shall not relate to titles or slogans;
 - iii. incorrect description of any article or commodity; or
 - iv. mistake in advertised price.
- e. For:

- i. contamination of any environment by pollutants that are introduced at any time, anywhere, in any way;
- ii. any bodily injury, personal injury, property damage, costs or other loss or damage arising out of such contamination, including but not limited to, cleaning upon, remedying or detoxifying such contamination; or
- iii. the payment of sums related to (1) the investigation or defense of any loss, injury or damage or (2) payment of any cost, fine or penalty or (3) payment of any expense involving a claim or suit related to i or ii above. As used in this Exclusion, the following terms will have the following meanings:
 - (1) "Contamination" means any unclean or unsafe or damaging or injurious or unhealthful condition arising out of the presence of pollutants, whether permanent or transient in any environment.
 - (2) "Environment" includes any person, any man-made object or feature, animals, crops and vegetation, land, bodies of water, underground water or water table supplies, air and any other feature of the earth or its atmosphere, whether or not altered, developed or cultivated, including but not limited to any of the above, currently or formerly owned, controlled, leased, used or occupied by the member.
 - (3) "Pollutants" means smoke, vapors, soot, fumes, acids, sound, alkalis, chemicals, liquids, solids, gases, thermal pollutants, waste materials and all other irritants, poisons or contaminants including but not limited to any Perfluoroalkyl or Polyfluoroalkyl Substances (PFAS).

However, the pollution exclusion as stated above in section 3e (i),(ii),(iii) does not apply to liability from an "Occurrence" causing "Personal Injury" or "Property Damage" when the cause is:

- (1) the release, discharge or backup of liquids and/or effluents from waste water and/or sanitary sewer lines owned, leased, maintained or operated by a "member". or
 - (2) the release of fuels, lubricants, fluids or similar materials required for the normal mechanical, electrical or hydraulic functioning of an "Automobile" and the materials are accidently released directly from an "automobile" part designed by its manufacturer that has failed or been damaged.
- f. For personal injury or property damage due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to liability assumed by the member under contract.
 - g. For personal injury or property damage arising out of the ownership, maintenance, operation, use, loading or unloading of:
 - i. any aircraft owned or operated by any member;
 - ii. any other aircraft operated by any person in the course of his/her employment by any member;
 - iii. any aircraft in the care, custody or control of the member for storage, servicing or fueling; or
 - iv. any watercraft over 30 feet.

Exclusion 3 (g) (i.) does not apply to authorized use of unmanned aircraft under remote control or unmanned helicopters under remote control - while used in the scope of the members business and if the aircraft weighs less than 55 pounds.
 - h. For any liability or claim alleging, arising out of, based upon or attributable to the refusal, failure, or inability of any member to pay wages, provide benefits, make pension or retirement payments, pay overtime wages, minimum wages, back pay and interest thereon or any other form of

compensation legally owed an employee per a contract, collective bargaining agreement, resolution, law, statute or regulation of the State of Washington and/or of the United States of America.

This exclusion applies to but, is not limited to:

- i. any wage or compensation order or award resulting from a labor grievance arbitration, civil service commission hearing or appeal from either;
- ii. any claim alleging violation of the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retaining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act and any rules or regulation of the foregoing acts promulgated thereunder or amendments thereto and/or any similar provisions of any federal state or local statute, common law, regulation or ordinance.

This exclusion shall not apply to any court entered judgment against a member on a claim for damages when the court determines that back pay and interest thereon to be a part of a prevailing party's compensatory damages for which they are entitled to a judgment.

- i. For property damage to premises alienated by the member arising out of such premises or any part thereof.
- j. For loss of use of tangible property which has not been physically injured or destroyed resulting from:
 - i. a delay in or lack of performance by or on behalf of the member of any contract or agreement; or,
 - ii. the failure of the member's products or work performed by or on behalf of the member to meet the level of performance, quality, fitness or durability warranted or represented by the member;

but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the member's products or work performed by or on behalf of the member after such products or work have been put to use by any person or organization other than a member.
- k. For property damage to the member's products arising out of such products or any part of such products.
- l. For property damage to work performed by or on behalf of the member arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith.
- m. For damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the member's products or work completed by or for the member or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein.
- n. For any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings, or inverse condemnation, by whatever name called, whether such liability accrues directly against the member or by virtue of any agreement entered into by or on behalf of the member.
- o. For any liability arising out of the operations, ownership, maintenance or use of any airport.
- p. For any liability arising out of ownership, operation, maintenance or use of any transit district, or transit department buses, or other transit district or transit department automobiles, including loading and unloading thereof; however, this exclusion does not apply to liability arising out of transit district or transit department buses chartered by a member in respect to special events.
- q. For any liability assumed by the member under any contract or agreement or arising out of the member's failure to perform, failure to pay or default on any contract or agreement. This exclusion would not apply to contracts or agreements to hold harmless or indemnify another person or entity as contemplated by Section A.1.b. of the General & Automobile Liability Coverage.

- r. For any liability for fines, penalties, punitive or exemplary damages awarded against a member for any reason.
- s. For any liability arising out of the failure to adequately supply, interruption or impairment of electrical, gas, water, or sewer service.
- t. For nuclear energy liability as further described below:
 - i. This Agreement does not apply:
 - (1) Under any Liability Coverage, to personal injury or property damage:
 - (a) with respect to which a member is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or,
 - (b) resulting from the hazardous properties of nuclear material and with respect to which:
 - (i) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or,
 - (ii) the member is, or had this Agreement not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - (2) Under any medical payments coverage, or under any supplementary payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
 - (3) Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if,
 - (a) the nuclear material:
 - (i) is at any nuclear facility owned by, or operated by or on behalf of, a member; or
 - (ii) has been discharged or dispersed there from;
 - (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a member; or,
 - (c) the bodily injury or property damage arises out of the furnishing by a member of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions of Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property there at.
 - ii. As used in this exclusion:
 - (1) "hazardous properties" include radioactive toxic or explosive properties.
 - (2) "nuclear material" means source material, special nuclear material or by-product material.
 - (3) "source material," "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
 - (4) "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor.

- (5) "waste" means any waste material:
- (a) containing by-product material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content; and,
 - (b) resulting from the operation by any person or organization of any nuclear facility included under the first two paragraphs of the definition of nuclear facility.
- (6) "nuclear facility" means:
- (a) any nuclear reactor.
 - (b) any equipment or device designed or used for:
 - (i) separating the isotopes of uranium or plutonium,
 - (ii) processing or utilizing spent fuel, or,
 - (iii) handling, processing or packaging waste.
 - (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in custody of the member at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.
 - (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

- u. For liability, defense costs, judgments, fines or damages arising out of any Intentional Act and/or any willful or wanton violation of any constitutional right provided in the Washington State Constitution or the United States Constitution, statute, ordinance or regulation of Washington State or the United States of America committed by or with the knowledge or consent of any member, except that any fact pertaining to any one member shall not be imputed to any other member for the purpose of determining the application of this exclusion.
- v. For any liability, defense costs, fines or damages which arise out of, brought about or contributed to by fraud, dishonesty or bad faith by a member or arising out of the willful violation of a penal code or ordinance committed by or with the knowledge or consent of any member or claims of injury arising out of the acts of fraud committed by or at the direction of the member with affirmative dishonesty or actual intent to deceive or defraud, except that any fact pertaining to any one member shall not be imputed to any other member for the purpose of determining the application of this exclusion.
- w. For any liability of a member arising in whole or in part, out of any member obtaining remuneration or financial gain to which the member was not legally entitled, except that any fact pertaining to any one member shall not be imputed to any other member for the purpose of determining the application of this exclusion.
- x. For any property damage or personal injury arising out of subsidence. "Subsidence" means any earth movement, including but not limited to settling, expansion, earth sinking, earth rising or shifting, slipping, falling away, tilting, caving in, eroding, mud flow and any other movement of land or earth. This exclusion does not apply to property damage or personal injury arising out of subsidence proximately caused by a negligent act or omission of any member.

- y. For any liability arising out of the rupture, bursting, overtopping, accidental discharge or partial or complete structural failure to any owned dams.

"Dams" means any artificial barrier, together with appurtenant works, which:

- i. Is 25 feet or more in height from the foot of a natural bed of stream or watercourse at the down stream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or water course to maximum possible water storage elevation; or,
 - ii. Has water impounding capacity of 50 acre feet or more.
- z. For any liability or claim arising out of, based upon, resulting from or attributable to the improper administration or collection of any taxes, fees or assessments or any loss that reflects any tax or, tax fee or assessment refund obligation of a member.
- aa. Arising out of or resulting from:
- i. Inhaling, ingesting, or prolonged physical exposure to asbestos or goods or products containing asbestos;
 - ii. The use of asbestos in constructing any good, product or structure; or,
 - iii. The removal of asbestos from any good, product or structure; or,
 - iv. The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.
- ab. To any liability, indemnity, defense or responsibility of any kind arising out of or imposed by Chapter 98 (R48) known as the Private Property Regulatory Fairness Act.
- ac. For any liability, indemnity, or defense arising out of the operations of:
- i. Any separate non-member legal or administrative entity created in accordance with Chapter 39.34 of the Revised Code of Washington entitled, "Interlocal Cooperation Act", excluding the Authority its employees, officers and members; or,
 - ii. Any local improvement districts and/or taxing districts including but not limited to Fire Protection Districts (RCW Title 52), Port Districts (RCW Title 53), Public Utility Districts (RCW Title 54), Water-Sewer Districts (RCW Title 57), Intercounty Rural Library Districts (RCW 27.12), Irrigation Districts (RCW 87.03), Lake and Beach Management Districts (RCW 36.61), County Roads and Bridges Service Districts (RCW 36.83), and County Park and Recreation Districts (RCW 36.69) excluding any authority members. This exclusion is not applicable to any appointed or elected official of a member while acting in the scope of their lawful duties for or on behalf of a member as a board or commission representative to organizations described in (i) and (ii) above.
- ad. Any liability, indemnity, consequential damages or defense arising out of or occurring in whole or in part due to:
- i. a member's criminal actions or conduct that violates any criminal statute, code, ordinance or law; or,
 - ii. a member's willful violation of any civil statute, code, ordinance or law.
- ae. For any liability arising out of the operations, ownership, maintenance or use of any hospital or alcoholic center.

"Jail Facilities," including detoxification units (commonly known as "drunk tanks") are not to be considered as "alcoholic centers."

- af. For property damage to property owned, leased or rented to the member.
- ag. For any liability, defense cost or indemnity for any monetary award, consequential damages, penalty, fine, costs, attorney fees or defense costs arising out or occurring, in whole or in part, due to a members violation of the Open Public Meetings Act (RCW 42.30), and/or the Public Records Act (RCW 42.56), or for any claim alleging any of the above.
- ah. For any liability for or indemnity for the imposition of any monetary fine, penalty or other monetary award for anything other than compensatory damages to an injured party or person and/or any award of attorney fees and costs to a prevailing party seeking a fine, penalty or non-compensatory damages award against a member in any court proceeding, administrative law proceeding or any other lawful tribunal with authority to grant such awards under the laws of the State of Washington and/or the United States of America.
- ai. For any monetary costs, fees or awards voluntarily incurred by a member or imposed upon member by any lawful order to bring the members property, conduct, practices, laws and/or policies into compliance with any legal requirements mandated by the laws of the State of Washington and/or of the United States of America. This exclusion applies to but, is not limited to, any claim seeking to have a members buildings and facilities made more accessible or accommodating to any disabled person as mandated by the Americans With Disabilities Act of 1992, and as amended, or any similar federal, state or local law, regulation or ordinance.
- aj. For any claim alleging, arising out of, based upon or attributable to any member's activities or omissions as a trustee or fiduciary as respects any type of employee benefit plan, including any pension, savings or profit sharing plan, medical benefits plan, or to any amounts or benefits due under any fringe benefit program, retirement program, incentive program, medical benefits or insurance program, life and/or disability benefits or insurance program, perquisite program, entitlement program or other benefits owed or allegedly owed to any employee.
- ak. For any claim alleging, arising out of, based upon or attributable to: the gaining in fact of any profit, remuneration, benefit or advantage to which the member is not legally entitled; the return of any taxes, assessments; penalties, fines or fees; any award of salary, wages, benefits, back pay or earnings except for those awarded as compensatory damages resulting from a covered claim and occurrence.
- al. For any defense or defense cost for or liability and/or indemnity for any award, order or relief granted in any labor arbitration proceedings, civil service hearings or unfair labor practices proceedings or any other similar employer/employee labor dispute administrative hearing or proceeding initiated against a member under the laws of the State of Washington and/or the United States of America or as provided for in any collective bargaining agreement between a member and any employee bargaining unit or union for any form of grievance resolution.
- am. For the defense or defense costs for any proceeding before or liability and/or indemnity for any award, judgment, fines, penalties or decision of the Growth Management Hearings Board in and for the State of Washington.
- an. For any claim by or personal injury and/or property damage to a member arising out of a collision or vehicle accident caused by a non-member who is uninsured or underinsured in amounts insufficient to fully compensate the members loss. This exclusion shall not apply to property damage claims by members for property damage or destruction of member owned vehicles scheduled under separate property insurance provided the member by the Authority.
- ao. For any claim against a member or a member's officers, officials, employees or volunteers for personal injuries or property damage arising out of, based upon or attributable to their maintenance, use or operation of a privately owned motor vehicle not owned by their employing or appointing public entity member unless the public entity member has given prior express consent for the use of the privately owned motor vehicle by the member's officers, officials, employees or volunteers in the course and scope of their conduct of the public entity members business and then only when such use, maintenance or operation of the privately owned motor vehicle is being done in the course and scope of their employment and the conduct of the member's official business. Member employees, officials, officers and volunteers traveling in a privately owned motor vehicle to and from their location of employment or location where they conduct their business on behalf of

the public entity member either before or after their hours of work will not be regarded as acting in the course and scope of their public employment or appointment.

- ap. For any claim against a member for injury or damage, whether physical or nonphysical and any financial losses of any kind arising out of "Cyber Liability."

"Cyber Liability" means injury loss or damage arising out of:

- i. Any loss damage, liability expense, fines or penalties or any other amount directly or indirectly caused by, based upon, arising from, in consequence of, or related to:
 - (1) the intentional, deliberate, negligent, reckless or accidental use or operation, of any Computer, Computer System, computer software program, malicious code, computer virus or process, Data hostage scheme or attack for ransom, internet or intranet or use of any other electronic device or system including, but not limited to, smart phones, laptop computers, computerized electronic data pads, electronic monitoring devices, blue tooth devices, artificial intelligence devices, scanners, skimmers or electronic switches and security devices as a means of inflicting injury, harm damage or loss;
 - (2) the reduction in or loss of ability to use or operate any Computer System, Computer Network or Data;
 - (3) access to, processing, transmission, storage or use of any Data;
 - (4) inability to access process, transmit, store or use any Data;
 - (5) any threat of or any hoax relating to (1) to (4) above;
 - (6) any error or omission or accident in respect of any Computer System, Computer Network or Data;
 - (7) losses to third parties and persons occurring due to cyber-attacks on a member's Computer System, Computer Network or electronically stored Data such as Data destruction, extortion, theft, loss of money or financial data, hacking and denial of service attacks; or for losses to others caused by errors and omissions, failure to safeguard private Data and/or financial information, or defamation; identity theft and any costs of remedial measures due to Cyber Liability occurrences including regular security audits, post-incident public relations and investigative expenses and criminal reward funds.
 - ii. Computer System means any computer, hardware, software, application process, stored electronic data, cod, program, information technology, communications system or electronic device owned or operated by the member, its agents and/or any other party. This includes any similar system and any associated input, output or Data storage device or system networking equipment or back up facility.
 - iii. Computer Network means a group of Computer Systems, and other electronic devices or network facilities connected via a form of communications technology, including the internet, intranet and virtual private networks (VPN), allowing the networked computing devices to exchange Data.
 - iv. Data means information used, accessed, processed, transmitted or stored by a Computer System.
- aq. For any liability, defense cost or any other amount incurred by or accruing directly or indirectly and regardless of any other cause contributing concurrently or in any sequence, originating from, caused by, arising out of, contributed to by, resulting from, or otherwise in connection with a

Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

- i. Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - (1) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - (2) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - (3) the disease, substance or agent can cause or threaten bodily injury, illness, emotional distress or damage to human health, human welfare or property damage.

- ar. Any "Claims," demands or action seeking relief or redress in any form other than money damages, and the Authority shall have no obligation to indemnify the "member" for any costs, legal fees or expenses in connection with any action or other judgment for injunctive or declaratory relief.

B. STOP-GAP COVERAGE

1. Coverage

In consideration of the assessment herein provided, it is agreed that if, under any circumstances, it is determined that any employee of the member who is reported and declared under the Workers' Compensation Law or Laws of the State of Washington is injured in the course of their employment but is not entitled to receive (or elects not to accept) the benefits provided by the aforementioned Law, then this policy shall cover the legal liability of the member for such personal injury, disease, or death and pay on behalf of the member all sums which the member shall become legally obligated to pay as damages and expenses, all as defined by the terms "ultimate net loss" and "occurrence."

2. Exclusions

The exclusions applicable to General and Automobile Liability (section I. A. 3.) of this agreement also apply to this section except exclusion "o" and exclusion "b."

The coverage granted hereunder shall not apply to:

- a. Personal injury, disease or death suffered or caused by any person knowingly employed by the member in violation of any law as to age or under the age of 14 years regardless of any such law except for persons volunteering for the member;
- b. any claim recoverable under the insurance provisions of any Workers' Compensation or Occupational Disease Act or Law or under the U.S. Longshore and Harbor Workers' Compensation Act or any other insurance available for the protection of the member;
- c. Personal injury, disease or death caused by or arising from the use, maintenance, or operation of aircraft;
- d. any premium assessment, penalty, fine or other obligation imposed by any Workers' Compensation Law;
- e. any claim for personal injury, disease, or death with respect to which the member is deprived of any defense or defenses or is otherwise subject to penalty because of default in premium payment under, or any other failure to comply with the provisions of the Workers' Compensation Law or Laws of the State above named;
- f. bodily injury by accident or disease to the master or members of the crew of any vessel.

C. ERRORS OR OMISSIONS LIABILITY COVERAGE

1. Coverage

In consideration of the assessment herein provided, the Authority shall pay on behalf of its member all sums which the member shall become legally obligated to pay arising out of any occurrence which results in a claim for damages and expenses, all as more fully defined by the term "ultimate net loss", arising out of any claim for breach of any duty made against the member by reason of any negligent act, wrongful act, error or omission committed by the member during the policy period.

2. Exclusions

The exclusions applicable to General and Automobile Liability section I. A. 3. also apply to this section except exclusion "o." Additionally, the Errors and Omissions section does not apply:

- a. to physical injury to or destruction of tangible property including the loss of use thereof at any time resulting therefrom;
- b. liability or responsibility arising out of or imposed by any constitutional provision, statute, county, municipal or local ordinance or law administrative order, or rule of law dealing with the power of eminent domain, condemnation or inverse condemnation, or any acts arising out of or caused by the member(s) thereunder;
- c. to any dishonest, fraudulent, criminal or malicious act;
- d. to claims, occurrences or accidents which are covered under any other section of this Agreement;
- e. to any claims or for any liability arising out of the member's failure to secure a proper bond or secure payment for any contractor, subcontractor or third person who has performed work or provided materials to the member as part of the performance of any contract for the benefit of the member.

D. EMPLOYEE BENEFITS LIABILITY COVERAGE

1. Coverage

In consideration of the assessment herein provided, the Authority agrees with the member named in this Agreement as follows:

- a. The Authority will pay on behalf of the member all sums which the member shall become legally obligated to pay as damages and expenses, all as more fully defined by the term "ultimate net loss", arising out of any claim made against the member by any employee or the beneficiaries or legal representatives thereof for injury arising out of any negligent act, error or omission, during the coverage period, of the member or any other person for whose acts the member is legally liable, in the administration of employee benefits as defined.

2. Definitions

- a. **EMPLOYEE BENEFIT PROGRAM.** The term "employee benefit program" shall mean Group Life Insurance, Group Accident or Health Insurance, Pension plans, Workers' Compensation, Unemployment Insurance, Social Security and Disability Benefits, and any other similar benefit program.
- b. **ADMINISTRATION.** As respects the coverage afforded hereby, the unqualified word "administration" whenever used shall mean:
 - i. giving counsel to employees with respect to the employee benefits;
 - ii. interpreting employee benefits;
 - iii. handling of records in connection with employee benefits;
 - iv. affecting enrollment, termination or cancellation of employees under employee benefit programs;
 - v. performed by a person authorized by the member to do such acts.

3. Exclusions

The exclusions applicable to General and Automobile Liability section I. A. 3. of this agreement also apply to this section.

This Agreement does not apply:

- a. to any dishonest, fraudulent, criminal or malicious act;
- b. to libel, slander, discrimination, or humiliation;
- c. to bodily injury, or sickness, disease, or death of any person;
- d. to injury to or destruction of any tangible property, including the loss of use thereof;
- e. to any claim based upon the member's failure to comply with the federal "Employee Retirement Income Security Act of 1974";
- f. to any claim for failure or performance of contract by any insurer;
- g. to any claim based upon the member's failure to comply with any law concerning Workers' Compensation, Unemployment Insurance, Social Security or Disability Benefits.

E. EMPLOYMENT PRACTICES LIABILITY COVERAGE

1. Coverage

In consideration of the assessment herein provided, the Authority shall pay on behalf of its member all sums which the member shall become legally obligated to pay arising out of any occurrence which results in a claim for damages and expenses, all as more fully defined by the term "ultimate net loss", arising out of any claim for breach of any duty made against the member by reason of any Wrongful Act(s) and/or Employment Practice Violation(s) committed by the member in the performance of its duties as a public employer during the policy period.

2. "Employment Practice Violation(s)" shall mean any of the actual or alleged:

- a. Wrongful dismissal, discharge or termination (either actual or constructive) of employment including breach of an implied contract;
- b. Harassment (including sexual harassment whether "quid pro quo," hostile work environment or otherwise);
- c. Discrimination, (including but not limited to discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability);
- d. Retaliation;
- e. Employment-related misrepresentation(s) to an employee or applicant for employment with the Public Entity;
- f. Wrongful failure to employ or promote;
- g. Wrongful deprivation of career opportunity, wrongful demotion or negligent employee evaluation, including the giving of negative or defamatory statements in connection with an employee reference;
- h. Wrongful discipline;
- i. Failure to provide or enforce adequate or consistent policies and procedure relating to any Employment Practices Violation;

- j. Violation of an individual's civil rights relating to any of the above but only if the Employment Practices Violation relates to an employee or applicant for employment with the Public Entity whether direct, indirect, intentional or unintentional;
 - k. Employment related libel, slander, defamation, or invasion of privacy.
3. "Wrongful Act" for purposes of employment practices liability coverage shall mean any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or Employment Practice Violation by a member solely in the performance of its duties as a public governmental entity.
4. Exclusions
- The exclusions applicable to General and Automobile Liability section I. A. 3. of this agreement also apply to this section except for general exclusion "o."

F. PRIOR WRONGFUL ACTS

1. Claims based on wrongful acts that occurred before the effective date of WCIA membership will also be covered, provided that all of the following conditions are met:
- a. The wrongful act must have occurred within the prior thirty-six (36) month period prior to a member joining WCIA and be reported to WCIA within the next twelve (12) month period;
 - b. The member must not have had prior knowledge of the wrongful act or claim on the effective date of WCIA membership, nor have had any reasonable way to foresee that a claim might be brought;
 - c. The claim must be for a wrongful act that would have been covered by the WCIA Coverage Document in force at the time the claim is presented to WCIA;
 - d. The claim will only be indemnified up to the applicable prior public officials, errors & omissions, employee benefits or employment practices liability insurance or pool coverage, or WCIA liability limits, whichever is less;
 - e. Use of any other available insurance covering the claim excludes the use of WCIA coverage.
 - f. The prior wrongful act was within the course and scope of employment for employees or duties as a public official; and,
 - g. Prior to the expiration of their current insurance coverage and prior to joining WCIA, all potential losses that the member knew about must have been reported to their insurance carrier;
 - h. The thirty-six (36) month prior coverage referenced in paragraph F. a. shall only apply to members who have joined WCIA on or after June 1, 2002. For members who have joined prior to June 1, 2002, the prior coverage shall be twelve (12) months instead of thirty-six (36) months and be subject to all other conditions in F. b., F. d., F. e., F. f., and F. g.
2. Optional Extended Reporting Period
- A member may, at its option, subject to WCIA approval, purchase an additional extended reporting period of twenty-four (24) months, provided that all the following conditions are met:
- a. The member requests the additional extended reporting period prior to the member joining WCIA;
 - b. The member shall purchase this coverage at a cost determined by an actuary hired by WCIA;
 - c. The conditions applicable in Paragraph F, Prior Wrongful Acts, also apply to this section with the exception of F. 1. a. and F. 1. d;
 - d. The wrongful act must have occurred within the prior thirty-six (36) month period prior to a member joining WCIA and be reported to WCIA within the next thirty-six month period;
 - e. If the optional extended reporting period is granted, the limit of liability for all prior wrongful acts coverage is \$5,000,000 per occurrence and \$5,000,000 in the aggregate;

- f. The member shall have joined WCIA on or after June 1, 2002.
3. "Wrongful Act"
- For purposes of errors and omissions liability coverage shall mean any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission by a member solely in the performance of its duties as a public governmental entity.

G. POLICE PROFESSIONAL LIABILITY

1. In consideration of the assessment herein provided, the Authority shall pay on behalf of its member all sums which the member shall become legally obligated to pay arising out of any occurrence which results in a claim for damages and expenses, all as more fully defined by the term "ultimate net loss", arising out of any claim against a member for a "Law Enforcement Occurrence" that takes place during the policy period.
2. "Law Enforcement Occurrence" shall mean an occurrence as defined in Section II. Coverage Definitions paragraph E. Occurrence, and results in:
- Personal Injury and which arises out of, and is committed during the course and scope of, "Law Enforcement Activities";
 - Bodily Injury or Property Damage, and which arises out of ownership, maintenance, or use of Premises by the member for conducting Law Enforcement Activities; or
 - Bodily Injury or Property Damage, and which results from an actual or alleged act, error or omission, neglect, or breach of duty by a member that arises out of, and is committed during the course and scope of Law Enforcement Activities.
3. "Law enforcement activities" means:
- The administration and enforcement of the criminal justice system or duties performed by a sworn police officer conducted by any member for or on behalf of any member. This also includes "off-duty activities" as defined below;
 - "Off-Duty Activities" means departmentally approved, law enforcement-related activities that a member has been contracted to perform for a non-governmental entity. These activities require prior authorization by the member employer;
 - Law enforcement assistance rendered by a member pursuant to a member's contract or mutual aid agreement.
4. Exclusions
- The exclusions applicable to General and Automobile Liability section I. A. 3. of this agreement also apply to this section except for general exclusion "o."

II. COVERAGE DEFINITIONS

This Agreement, in all of its sub-parts is subject to the following definitions:

A. MEMBER

"Member" includes the Washington Cities Insurance Authority and any member municipal corporation, city, town or municipal entity in the State of Washington.

The unqualified word "member" includes:

- all officials, officers, employees, and volunteers working for or on behalf of the member and any person, organization, trustee or estate to whom or to which the member is obligated by virtue of a written contract to provide insurance to the same extent as is afforded by this Agreement, but only with respect to actions within the scope of their employment by or on behalf of the member;

2. any person serving on the members governing body, any persons serving on the members boards or commissions, any elected or appointed official of the member, any other employee, or any volunteer serving the member; if the person is acting in the scope of their employment, appointment, duties, or service to the member;

the term "member" does not include any private for profit businesses or corporations, volunteer organizations or non-profit corporations and/or their officers, officials, or members when acting in or for the interests of and/or at the direction of said business, organization or corporation;

3. any person while using an automobile owned by, leased, rented, or loaned to the member or hired for use on behalf of the member or any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the member or with the member's permission, and any executive officer, other employee, director or volunteer of the member with respect to the use of an automobile not owned by the member in the business of the member. The coverage with respect to any person or organization other than the member does not apply under this section:
 - a. to any person or organization, or to any agent or employee thereof; operating an automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any occurrence arising out of the operation thereof;
 - b. with respect to any automobile hired by or loaned to the member, to the owner or a lessee thereof other than the member, or to any agent or employee of such owner or lessee.

B. PERSONAL INJURY

The term "personal injury" means:

1. bodily injury, sickness, disease, disability or shock, including death arising therefrom, medical malpractice injury, including emergency medical treatment and all acts of paramedics and law enforcement personnel, or if arising out of the foregoing, mental anguish and mental injury;
2. false arrest, false imprisonment, wrongful eviction, wrongful detention, or malicious prosecution; or,
3. libel, slander, defamation of character, humiliation or invasion of the rights of privacy, unless arising out of advertising activities;
4. unlawful discrimination not committed by or at the direction of any executive officer of the member, but only with respect to the liability other than fines and penalties imposed by law;
5. false or improper services of process;
6. assault or battery committed for the purpose of protecting persons or property or incident to an arrest;
7. violation of civil rights protected under the United States Constitution and 42 USC 1981et seq. or under any similar state civil rights law.

C. PROPERTY DAMAGE

The term "property damage" means loss of or direct damage to or destruction of tangible property which occurs during the policy period, including loss of use thereof at any time resulting therefrom and loss of use of tangible property which has not been physically injured or destroyed.

D. ADVERTISING LIABILITY

The term "advertising liability" means:

1. libel, slander or defamation;
2. any infringement of copyright or of title or of slogan;
3. piracy or unfair competition or idea misappropriation under an implied contract;

4. any invasion of right of privacy;

committed or alleged to have been committed in any advertisement, publicity article, broadcast or telecast and arising out of the member's advertising activities.

E. OCCURRENCE

The term "occurrence" means an accident or a happening or event or a continuous or repeated exposure to substantially the same general harmful conditions which unexpectedly and unintentionally result in personal injury, property damage, advertising liability, errors or omissions liability including wrongful acts, police professional liability, employment ~~practices acts~~ liability including wrongful acts or stop-gap liability during the policy period. All such exposure to substantially the same general conditions existing at or emanating from one location shall be deemed one occurrence.

~~With respect to "Personal Injury" and "Property Damage" a~~ All "Damages" arising out of substantially the same "Personal Injury," or "Property Damage," "advertising liability," "errors or omissions liability including wrongful acts," "stop-gap liability," "employment practices liability including wrongful acts," or "police professional liability" regardless of the frequency, timing, repetition, the number or kind of events or offenses, or the number of "Claimants," will be considered as arising out of one "Occurrence" and shall be deemed to have occurred on the date of the first "Occurrence" causing ~~"Personal Injury" or "Property Damage"~~ "Personal Injury," "Property Damage," "advertising liability," "errors or omissions liability including wrongful acts," "stop-gap liability," "employment practices liability including wrongful acts," or "police professional liability" during the policy period.

Only one Self-Insured Coverage Document issued by WCIA and one limit of coverage is applicable to any one "Occurrence."

Further, the definition of occurrence includes any intended act by or at the direction of the member, which results in personal injury, if such injury arises solely from the use of force for the purpose of protecting persons or property or effectuating an arrest.

F. ULTIMATE NET LOSS

The term "ultimate net loss" means the total sum which the member becomes obligated to pay by reason of liability claims, covered hereunder, either through adjudication or compromise and shall also include hospital, medical and funeral charges and all sums paid as salaries, wages, compensation, fees, charges and law costs, premiums on attachment or appeal bonds, interest expenses for doctors, lawyers, nurses and investigators and other persons, and for litigation, settlement, adjustment and investigation of claims and suits covered hereunder. Ultimate net loss shall include all sums paid as salaries, expense, or costs to lawyers, or a lawyer's representative, other than paid employees of the member, and investigators, retained experts or other persons rendering services in handling specific litigation and coverage determination costs over \$1,000 per occurrence. Other salaries paid to employees of the member or the company; fees paid to the member's service company for handling claims are excluded from the ultimate net loss.

G. SELF-INSURED RETENTION

The term "self-insured retention" means the amount of "ultimate net loss" payable by the member in respect of each occurrence.

H. WRONGFUL ACT(S)

The term "Wrongful Act(s)" means any actual or alleged breach of duty, neglect, misstatement, misleading statement, error or omission or employment practices violation by a member solely in the performance of its duties as a Public Entity. A wrongful act may be a deliberate act that unexpectedly and unintentionally results in personal injury and/or property damage to another not intended by the member.

I. INTENTIONAL ACT(S)

The term "Intentional Act(s)" means any deliberate knowing action and/or deliberate knowing refusal to act by a member in violation of a clearly established legal duty and where the foreseeable and/or intended consequence of such deliberate action or deliberate refusal to act causes ~~p~~Personal ~~i~~njury, ~~and/or~~ ~~p~~Property ~~d~~amage, advertising liability, errors or omissions liability including wrongful acts, stop-gap liability, employment practices liability including wrongful acts, and/or police professional liability to another person or entity and there is no lawful justification for the members deliberate act or refusal to act.

J. CLAIM(S)

The term "claim(s)" means a summons and complaint for damages or other similar legal civil pleading filed with a Court of Law and served upon a member alleging that the member is liable for claimant's personal injuries and/or property damage and seeks a court judgment to recover money against a member for such liability.

K. PRODUCTS AND COMPLETED OPERATIONS LIABILITY

The term "products liability" means:

1. liability arising out of goods or products manufactured, sold, handled or distributed by the member or by others trading under their name if the occurrence occurs after possession of such goods or products has been relinquished to others by the member or by others trading under their name and if such occurrence occurs away from premises owned, rented or controlled by the member; provided such goods or products shall be deemed to include any container thereof, other than a vehicle, but shall not include any vending machine or any property, other than such container, rented to or located for use of others but not sold;
2. The term "completed operations" means liability arising out of operations, if the occurrence occurs after such operations have been completed or abandoned and occurs away from premises owned, rented or controlled by the member, provided operations shall not be deemed incomplete because improperly or defectively performed or because further operations may be required pursuant to an agreement, provided further the following shall not be deemed to be "operations" within the meaning of this paragraph:
 - a. pick-up or delivery, except from or onto a railroad car,
 - b. the maintenance of vehicles owned or used by or in behalf of the member,
 - c. the existence of tools, uninstalled equipment and abandoned or unused materials.

L. ANNUAL PERIOD

The term "annual period" means each consecutive period of one year commencing from the effective date of this Agreement.

M. AIRCRAFT

The term "aircraft" means any heavier than air or lighter than air aircraft designed to transport persons or property.

N. AUTOMOBILE

The term "automobile" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include mobile equipment.

O. PARAMEDIC

The term "paramedic" shall include all personnel who may engage in rendering emergency medical assistance, including but not limited to the categories defined in RCW 18.73 and RCW 18.71.200: "Emergency medical technicians," "Physicians trained mobile intravenous therapy technicians," "Physicians trained mobile airway management technicians," and "Physicians trained mobile intensive care paramedics," provided that all amendments of RCW 18.73 and RCW 18.71.200 shall here and hereafter be included in the definition of the above categories.

P. TERRORISM

The term "Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following preparation for the following:
 - a. Use or threat of force or violence; or,

- b. Commission or threat of a dangerous act; or,
 - c. Commission or threat of an act that interferes with or disrupts an electronic communication, information or mechanical system; and,
2. When one or both of the following applies:
- a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or,
 - b. It appears that the intent is to intimidate or coerce a government, or to further political ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

Q. COMPENSATORY DAMAGES

The term "Compensatory Damages" means either personal injury and/or property damage as defined herein resulting from a covered occurrence and represented in the monetary amount of a judgment on a liability claim or lawsuit for personal injury and/or property damage deemed necessary by the court to make the injured party whole from such injuries and damage.

III. COVERAGE CONDITIONS

This Agreement is subject to the following conditions:

A. ASSESSMENT

The assessment for this coverage varies from member to member and is set by the Board of Directors of the Authority in accordance with its By-laws and the Joint Protection Program.

Coverage under this Agreement is conditioned on and offered in consideration of the assessment being paid by a member in the time, manner, amount and method specified by the Board of Directors, Bylaws and Joint Protection Program of WCIA.

B. PRIOR INSURANCE AND NON-CUMULATION OF LIABILITY

It is agreed that if any loss is covered in whole or in part under any primary or excess insurance policy issued to the member prior to the effective date hereof (but not coverage provided by the Authority), the limit of liability hereunder shall be reduced by any amounts due to the member on account of such loss under such prior insurance. Subject to the foregoing and to all the other terms and conditions of this Agreement in the event that personal injury or property damage arising out of an occurrence covered hereunder is continuing at the time of termination of this Agreement, the Authority will continue to protect the member for liability in respect of such personal injury or property damage without payment of additional assessment.

C. INSPECTION AND AUDIT

The Authority shall be permitted to examine and audit the member's books and records at any time during the coverage period and any extension thereof and within three (3) years after the final termination of this Agreement, as far as they relate to the assessment bases or the subject matter of this coverage.

D. CROSS LIABILITY

This Agreement shall protect each member in the same manner as though a separate Agreement had been issued to each, except that nothing herein shall operate to increase the Authority's liability beyond the amount or amounts for which the Authority would have been liable had only one member been named.

E. NOTICE OF OCCURRENCE

Whenever the authorized representatives of the member have information from which the member may reasonably conclude that an occurrence covered hereunder involves injuries or damages which, in the event that the member should be held liable, is likely to involve this coverage, notice shall be sent to the Authority

as soon as practicable. However, immediate written notice shall be given to the Authority when any injury of the following type occurs:

1. a fatality or death of a person in police custody,
2. amputation of a major extremity, including any loss of eye(s) or limb(s),
3. any serious head injury (including skull fracture or loss of sight of either or both eyes) or brain injury,
4. any injury to the spinal cord, including any paralysis, paraplegia, quadriplegia,
5. any disability of more than one (1) year or where it appears reasonably likely that there will be disability of more than one (1) year,
6. any burn 25% or more of the body,
7. heart or vascular disorders,
8. accidents where multiple injuries are involved,
9. acts of employment discrimination and/or harassment involving any employee protected class as defined by any state, federal, or local laws including, but not limited to; race, age, gender, religion, disability or prohibited retaliation,
10. any allegations of sexual abuse or molestation.

Such notice shall contain particulars sufficient to identify the member and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses. If suit or other proceeding is brought against the member, the member shall immediately forward to the Authority every demand, notice, summons, or other process or true copies thereof received by the member or the member's representatives, together with copies of reports of investigations made by the member with respect to such claim, suit or proceeding.

F. ASSISTANCE AND COOPERATION

The member and the Authority shall cooperate in all things in the defense of such claim, suit or proceeding.

G. APPEALS

In the event the member elects not to appeal a judgment, the Authority may elect to make such appeal at its cost and expense, and shall be liable for the taxable costs and disbursements and interest incidental thereto, but in no event shall the liability of the Authority for ultimate net loss exceed the amount set forth in this Agreement for any one occurrence and in addition the cost and expense of such appeal.

H. BANKRUPTCY AND INSOLVENCY

In the event of the bankruptcy or insolvency of the member or any entity comprising the member, the Authority shall not be relieved thereby of the payment of any claims hereunder because of such bankruptcy or insolvency.

I. OTHER INSURANCE

If valid and collectible insurance, which is written by an insurer (but not coverage provided by the Authority) is available to the member covering a loss also covered by this Agreement, other than insurance that is in excess of this coverage, the coverage afforded by this Agreement shall be in excess of and shall not contribute with such insurance. Valid and collectible insurance includes, but is not limited to, any other primary liability insurance available to the member covering liability for damages arising out of premises or operations, or the products and completed operations, for which the member has been added to as an additional insured by attachment of an endorsement.

J. SUBROGATION

The Authority shall be subrogated to the extent of any payment hereunder to all the member's rights of recovery thereof (but not to the member's rights against the Authority), and the member shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right.

K. CHANGES

Notice to or knowledge possessed by any person shall not effect a waiver or change in any part of this Agreement or stop the Authority from asserting any right under the terms of this Agreement; nor shall the terms of this Agreement be waived or changed, except by addenda issued to form a part hereof, signed by the Authority.

L. ASSIGNMENT

No member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third-party beneficiary of a member shall have any right, claim or interest any member may have under this Agreement.

M. CANCELLATION

Refer to the language of the Joint Protection Program, Article 8.

Background

The COMPACT was instituted in 1995 as a means to improve the pool's loss experience and improve member participation. Elements of the COMPACT include required trainings, board meeting attendance, prompt claim reporting, timely payment of assessments, completion of requests for underwriting data, and successful completion of the Risk Management Audit and Review. The Long Range Planning Committee is tasked annually with recommending COMPACT elements. The Risk Services Department administers the COMPACT and determines member compliance.

In an effort to provide members with a more tailored approach to the risk management review, members are presented with three options for consideration and work with their assigned Risk Management Representative to select the option that best meets the individual member's needs. These options include either (1) a traditional audit; 2) a targeted risk management review where the member and the Risk Management Representative meet, review contracts and other agreements, conduct a walk-through of facilities for potential liability exposures, or focus in on other areas of concern to the member; or 3) a loss and exposure reduction plan where the member and Rep work together to focus on specific areas of concern to the member based upon loss history and then develop a plan to reduce losses.

Discussion

The Long Range Planning Committee met on September 15, 2022 and discussed staff recommendations for the 2023 COMPACT. Committee members include Shelley Acero, Burlington; David Cline, Tukwila; Elizabeth Chamberlain, Walla Walla; Jonna Davis, Pullman; Blaine Fritts, Woodinville; Aaron Barber, Auburn; Dan Legard, Kennewick; Chris Searcy, Enumclaw; and Terry Weiner, Ellensburg.

Audit: For 2023, the Long Range Planning Committee recommended, and the Executive Committee concurred to continue providing members with the tailored approach to the risk management audit. Members will be presented with three options for consideration.

For the traditional audit in 2023, the committees recommend continuing with the Fleet Liability and Police Liability audits from 2022 and adding in Special Events Liability as a third audit topic. Option 2 and Option 3 will remain in their current form.

Training: For 2023, the Long Range Planning Committee recommended, and the Executive Committee concurred to keep the current training requirements for 2023 that were revised and approved in 2022.

By way of background, members are currently required to complete three trainings overall. The Delegate or Alternate is required to attend one of four specific WCIA Staff trainings: Risk Management Essentials, Coverage Basics, Contracts/Insurance Requirements, or Claims Basics, as these trainings encourage risk management

practices. The classes count towards the three training requirements. The other two required trainings are the member's choice selecting from WCIA offerings advertised for the 2023 year. **Note:** *Delegates or Alternates that attended the four staff trainings in 2022 have the option of selecting any WCIA offered training for 2023.*

Recommendation

Approve the 2023 COMPACT as recommended by the Executive Committee.

Proposed 2023 COMPACT

Organizational Attentiveness

- Attend one of the three Full Board Meetings held annually
- Pay Assessments on time-by January 30 postmark
- Appoint a WCIA Delegate and Alternate - update when changes occur
- Report Claims in a timely manner - per the Claims Manual policies online
- Complete requests for underwriting data accurately and in a timely manner

Educational

Attend three WCIA educational sessions:

- One session in a core topic area. Core topics are correlated to areas of WCIA Goals and COMPACT focus, loss experience and/or best risk management practices. Core Topics include: Employment, Law Enforcement, Land Use, or specified WCIA staff trainings.
- The Delegate or Alternate must complete one of four WCIA staff trainings: Risk Management Essentials, Coverage Basics, Contracts/Insurance Requirements, or Claims Basics.
- One additional session in any topic area of the member's choice selecting from WCIA offerings as well as any of the Reimbursement Programs.

Annual Audit

2023 Audit-all members

Audit Recommendations:

Members will work with their assigned Risk Management Representative to select from one of three options that best meets the member's needs.

Option 1: Traditional Audit

The member and Risk Management Representative together will choose from one of three audit questionnaires, selecting the audit topic which would be most beneficial to the member based upon loss history and need.

The three selected audit topics for 2023 are as follows: Special Event Liability, Fleet Liability, and Police Liability.

Option 2: Targeted Risk Management Review

The Risk Management Representative will meet with the member and provide all or part of the following targeted risk management review based upon individual member need and applicability:

- Contract Review/ Right of Way Ordinance Review
- Special Events Review/ Facility Use Agreements review
- Program review and development including senior centers, sidewalks (incorporating WCIA sidewalk tool kit), and volunteers
- Playground and park walk through and inspection for liability exposures
- Risk 101 analysis
- Personnel
- Parks and Recreation Programs
- Public Works (roadways emphasis)
- Homelessness

Option 3: Loss and Exposure Reduction Plan

The member will work with their assigned Risk Management Representative to review their risk profile and loss runs to identify the member's top priorities based upon loss history. The Rep will work with the member to develop an action plan of 1-3 items, depending on level of complexity, to help reduce or eliminate future exposures.

2023 Annual Review

The Risk Management Representative reviews the following information:

- WCIA Liability, Auto, Boiler and Machinery, Crime and Fidelity coverages, rates and deductibles, and any special programs
- Property and Auto Schedules
- Risk Profile and/or Current Liability Loss Runs
- Analysis of Loss History providing specific direction for training and/or consulting
- COMPACT Status Report
- WCIA Services

COMPACT Penalties/ Violations

COMPACT non-compliance with any element can result in a member being assessed a flat rate of 2.5% of their assessment with a minimum of \$1,000.

The WCIA Bylaws allow delinquent members to appeal the penalty for late assessment payment to the Executive Committee.

2023 Officer and Executive Committee Nominations

Background

Nominations for the office of President and Vice President are opened at the last Full Board meeting of the year, and closed in that same meeting after receiving any nominations from the floor. Nominations for Executive Committee positions are also opened at the October meeting, but not closed until the January Annual Full Board Meeting, to allow those not elected to an office the opportunity to also run for an Executive Committee position if eligible.

The following is a list of nominees for Officer and Executive Committee positions, submitted from the membership by way of a September solicitation. The candidates have been contacted and they have agreed to serve if elected.

Those elected to any of the positions should demonstrate a knowledge of and expertise in pooling operation issues and leadership skills. Potential issues that may be presented to the Committee include addressing specific member deficiencies in accordance with the Member Action Plan, coverage appeals, strategic responses to insurance industry cycles, and pool financial strategies.

Candidate statements will be featured in *The Authority* newsletter.

2023 Candidates:

President:

Brian Loos, City of Long Beach

Vice President:

Paul Ellis, City of Arlington

Executive Committee (3 positions):

Kevin Fuhr, City of Moses Lake
Paul Loveless, Town of Steilacoom
Debbie Sullivan, City of Olympia